



Doing Business in Egypt: 2010 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Egypt

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Market Overview

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The U.S. is Egypt's largest bilateral trading partner, and Egypt is the fourth largest export market for U.S. products and services in the Middle East. Globally, Egypt is the 33rd largest export market for the U.S. In 2010, the bilateral trade is expected to exceed \$7 billion. Egypt is a significant importer of American agricultural commodities, machinery, and equipment. The U.S. is also the second largest investor in Egypt. Roughly two-thirds of total U.S. investment is in the oil and gas sector, but also includes investment in areas such as consumer goods, pharmaceuticals, automobile production, and financial services.

With a population of over 80 million, Egypt is by far the largest Arab country. It sits in the heart of the Middle East with a growing economy that has become much more diversified than in the past. It is a major oil and gas producer, with natural gas production increasing rapidly. Investment needs in power infrastructure remain substantial. The government is putting in place an institutional framework for private-public partnerships (PPPs). PPP projects in the pipeline include building and maintaining public schools, hospitals, potable and wastewater stations, and freeways. Unmet demand for housing construction is currently estimated to be 200,000 units annually. In 2008, the U.S. Overseas Private Investment Corporation (OPIC) signed an agreement with the Government of Egypt to provide \$250 million in financing to local banks to provide mortgages for affordable housing. Other significant sectors of interest to U.S. companies include steel, cement, chemicals, pharmaceuticals, renewable energy and light consumer goods. Agriculture, although shrinking as a percentage of GDP, still employs almost 30% of the population. Egypt imports most of its meat, and all of its wood and grains.

Due to the current global financial situation, a slowdown in economic activity was expected. According to the IMF estimates, economic growth fell to 4½-5½ percent in 2008 and 2009 (from a 7 percent average in the last three years), with inflation declining to 8-12 percent over the same period. The international economic crisis is also likely to weaken FDI flows and net exports of goods and services would most likely decline as key markets shrink and export prices fall. On a positive note, the financial sector has escaped the negative effects of the international crisis so far. This can be attributed to improved banking supervision, conservative lending practices, and the central bank recently guaranteeing all bank deposits.

Market Challenges

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Although the reformers have developed considerable momentum, red tape remains a business impediment in Egypt, including a multiplicity of regulations and regulatory agencies, delays in clearing goods through customs, arbitrary decision-making, high market entry transaction costs, and a generally unresponsive commercial court system. Also, pervasive corruption is of serious concern, which in turn adds significant inefficiencies to commerce. In 2009, Egypt was ranked 111 out of 180 countries on Transparency International's Global Corruption Perception Index. Potential investors should check out the track record of would-be partners before making a big commitment.

Market Opportunities

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In spite of transitional and at times ill-defined regulatory frameworks that pose significant downside risk to doing business in Egypt; the country still has the potential to be counted among the emerging markets poised to offer good returns for foreign investment. The reality of the risk diminishes with the application of due diligence and thorough market research.

U.S. firms have competed successfully four major infrastructure projects in Egypt. More projects are on the way, some of which have regional impact, such as airports, telecommunications, TV broadcasting, and port projects. The petroleum, power generation and transmission, and telecommunications/information-technology sectors represent the most promising sectors in Egypt. Tourism, as the largest earner of foreign exchange and employer of more than 10% of Egyptian workers, also offers strong possibilities. Expansions in the Red Sea resorts provide increasing opportunities for exporters of hotel equipment and environmental management services. Airports and other infrastructure being built to serve the new resorts also represent additional opportunities for U.S. exports and investment. Tourism along the Red Sea coast continues to be a big draw and the government is pushing development along the Mediterranean coast as well. These opportunities are attracting U.S. project management expertise and quality U.S. building systems and equipment.

Market Entry Strategy

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Cultural differences alone dictate appointment of an Egyptian representative to help navigate the complexities of doing business with locals. In fact, a local partner is imperative to successful penetration of this market because foreign companies cannot bid directly on government tenders and they must act through local agents. Also, as the market becomes more sophisticated in Egypt, there is a growing demand for after-sales service requiring the services of a local agent.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/5309.htm>

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Using an Agent or Distributor

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Egyptian law concerning commercial agency agreements is among the most liberal in the Middle East. The law is neutral concerning exclusivity, compensation is not required to cancel an agency, and there is no minimum notification period for cancellation. There is no requirement that the agent authorize the import of the foreign principal's products into Egypt, or that the importation take place through the agent. Importers of any product must be separately registered, under another law. Commercial agents must register the existence of their agency with the Ministry of Trade and Industry's Commercial Registry Department, giving basic facts about the agreement, including the amount of commission to be received on sales. The foreign firm itself faces no local registration requirement. The commercial agency law is also neutral about dispute settlement procedures leaving this to the parties to decide, preferably in writing at the time of appointment of the agent, and in advance of a dispute and on the amount of commission due an agent.

Commission rates vary according to the type of product or service, volume of sales, and effort needed by the agent. The larger the volume of sales is, the smaller the commission. For commodities such as rice, wheat, sugar, lumber or cotton, the commission ranges between 1-3%; for chemicals and foodstuffs 3-5%; for medical equipment, earthmoving equipment, office/business equipment, about 10%; and for expensive laboratory and scientific equipment 15%. For major projects such as a complete civil engineering project, the commission is typically 1-3%. In tenders, the commission is calculated in the quoted bid. If a bidder reduces the bid price, the agent typically is asked to share in the reduction. Commission rates must be reported in bid packages for government tenders, with the government reserving the right to reduce any

commission it deems extravagant. Commission rates also must be noted in the Ministry of Trade and Industry's Commercial Registry documents signed by the Egyptian agent. Agent exclusivity is not required by law; the majority of U.S. firms have one or two Egyptian agents for different products, although a few have more.

Agencies can be split geographically and/or by product, although this is generally avoided in a country like Egypt, where activity is centralized around the capital city of Cairo. If there is a geographic split, it is generally Alexandria with or without the Delta cities on one hand, and Cairo and the Nile valley on the other. Agencies also can be split between private and public customers, with one agent specializing in tenders and others handling private sector customers. Agents often appoint subagents to cover smaller cities.

The U.S. Commercial Service offers the Gold Key and International Partner Search programs that are designed to assist U.S. companies identify local agents/distributors for their products. For further information, U.S. business representatives should contact the nearest Department of Commerce Export Assistance Center in the United States or the Commerce Department's Trade Information Center at 1-800-USA-TRADE (1-800-872-8723) or click on <http://www.export.gov>.

Recommended business networks in Egypt include the American Chamber of Commerce in Egypt and various associations of Egyptian entrepreneurs including the Egyptian Businessmen's Association, the Egyptian Junior Business Association, the Alexandria Business Association, the Federation of Egyptian Industries, and the Egyptian Exporters Association. There are investor committees in the large industrial cities of Tenth of Ramadan, Sixth of October, Borg El Arab, and a chamber in Ismailia promoting projects in the Sinai. Please see the [Contacts Section](#) of this guide.

Establishing an Office

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As in any other country, seek early legal counsel from one or more attorneys and tax counsel from a professional accounting/auditing firm. Lists of such firms are available on the Internet from the Commercial Service website in Egypt http://www.buyusa.gov/egypt/en/bsp.html?bsp_cat=80120000.

The General Authority for Investments and Free Zones (GAFI) has set up a one-stop shop for registering companies. This office is now able to process all paperwork for setting up a business in Egypt and can do so in a matter of 3 working days. <http://www.gafinet.org/>

Franchising

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Franchising has developed quite extensively in Egypt over a short time, especially in the fast-food sector. There are numerous international franchisees in Egypt at present, including food and non-food franchisees with hundreds of individual outlets.

The Egyptian fast food market, dominated by American chains, has experienced notable expansion since it began in 1970, and market sources expect the growth to continue at an annual rate of 15-20% over the coming years. The current food franchise market size is estimated at more than \$300 million. Some of the popular chains include: Chili's, TGIF, Hard Rock Café, KFC, Cinnabon, McDonald's, Pizza Hut, Baskin Robbins, Caravel Ice Cream and Ruby Tuesday. During the 1990s, non-food sectors started to develop and it now has a large market potential. A limited number of companies in the fields of hotel management, car rental, language education, health and fitness, electronics, and computer training are currently franchised in Egypt.

Egyptian Franchise Development Association (EFDA) represents and serves the franchise industry in Egypt. EFDA promotes the concept of investment through franchising, encourages training and quality control, and works to solve common problems in the industry. Moreover, EFDA sponsors a local Franchise show every year in the spring or early summer. Please contact the Commercial Service in Egypt for more details. <http://www.efda.org.eg/>

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Direct marketing in Egypt, such as catalog sales or television sales is also advancing as the use of credit cards and checking accounts from foreign banks is increasingly accepted. In addition, the risks from mail and warehouse theft are decreasing as well as the high customs duties. Purchasing goods through the Internet is growing for the same reasons. The Egyptian Government encourages e-commerce and passed e-commerce legislation and an e-signature law in 2004.

Joint Ventures/Licensing

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The details of joint venture or licensing agreements between Egyptians and their foreign partners are a matter of mutual agreement, defined by their contract, not by special law. Liberalized foreign exchange regulations since 1991 permit the free transfer abroad of profits and dividends. Invested capital may be repatriated without prior approval of the government's investment authority, the General Authority for Investment and Free Zones (GAFI). Foreign equity in joint ventures can be as low as a few percentage points, depending upon mutual agreement. Egyptian Law No. 8, the Investment Incentives and Guarantees Law, allows foreign investors to own any amount, up to 100%, in projects in most sectors.

Approval is not required for licensing agreements involving trademarks and technical know-how other than "process secrets." A stiff withholding tax is levied on royalty payments unless a double taxation treaty exists. There is a U.S.-Egyptian treaty for the avoidance of double taxation, which limits tax on royalty payments to 15% of the gross amount of such royalty. Numerous government and private companies have licensing agreements with foreign firms under which royalties and other fees are freely transferred abroad pursuant to individual corporate agreements. Examples of licensed production in Egypt include name-brand clothing, personal care products, kitchen utensils, pistols,

laser alignment equipment, and military vehicles. Service licenses include diving training, and franchised services including personal care and restaurants.

Some U.S. investors have looked to Egypt as an investment site in order to benefit from U.S. Government procurement preferences. Under the U.S. Federal Acquisition Regulations (FAR), Egypt is a "designated country" (among many others) from which certain goods theoretically could be procured by the U.S. Government as if they were made in America. However, this rule does not apply because the FAR requires such countries to sign the GATT/WTO Procurement Code, and Egypt has not done so yet.

Selling to the Government

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In selling to the Government of Egypt (GOE), companies will need to deal directly with the client agency. Egyptian procurement is conducted utilizing either national budgetary funds or aid funds from USAID, the Foreign Military Fund (FMF), or other donors.

In the case of USAID and FMF, information can be obtained on <http://www.fedbizopps.gov/>. USAID and the Office of Military Cooperation can answer questions about upcoming procurements directly by contacting the U.S. Embassy in Egypt.

Other donor-funded projects open to U.S. bidders are from the Government of Japan's United Overseas Development Assistance (ODA), or multilateral assistance from entities such as the World Bank, African Development Bank, or Arab and Islamic development funds.

The following information pertains to contracting directly with the GOE. It is also relevant for donor-financed projects to the extent that Egyptian law applies to them.

TENDERS LAW

The Tenders Law No. 89/1998 now governs GOE procurement by all civilian and military agencies ("ministries, departments, local government units, and public and general organizations") unless they are excused from this law. It has replaced the former Law 9 of 1983. The improvement is evident mainly in these areas:

- (1) No negotiation of bids after bid opening ("momarsa," in Arabic). A tender may not be transferred into a momarsa.
- (2) No cancellation of an order without reason. Moreover, rejected bids and awarded bids will contain the reasons on which the decision was based.
- (3) Bid bonds will now be refunded immediately upon expiry of validity of tender.

The law has not changed the following features:

- (1) Open competition with publication for at least 30 days;

(2) Fifteen percent price preference for Egyptian bidders. There is one exception, however. Ministry of Defense tenders are treated differently due to the Reciprocal Defense Procurement Memorandum of Understanding. This rule allows Egyptian companies to compete as U.S. companies on DOD procurements and U.S. companies to compete for MOD tenders as Egyptian companies. If a U.S. company is competing with an Egyptian company on an MOD procurement, regardless of funding source, they must be treated the same. If an Egyptian company receives a 15% price preference, then so does the U.S. company. Not all DOD procurement committees are aware of this requirement. In the event of a dispute, please contact the U.S. Embassy's Office of Military Cooperation to inform them of MOD non-compliance with this provision of the Memorandum of Understanding;

(3) A two-phase decision-making process: a bid-opening committee that convenes a public session to which all bidders are invited and bid prices are read aloud; and a decision-making (settlement) committee that reviews the technical bids and either makes a decision or, if the value is over \$50,000, recommends a decision to the minister concerned;

(4) Bid bonds of one or two (generally two) percent and a performance bond by the winning firm of (generally) 5%. Preference is given to Egyptian public sector companies and Egyptian cooperatives, both of which are exempted from the bonding requirements, provided they do the work themselves and do not request an advance payment;

(5) Fraud, bribery ("either personally or through a third party, directly or indirectly"), or bankruptcy by the contracting party annuls the contract and allows any outstanding bid or performance bond to be confiscated;

(6) Sole-source decisions are permitted in special instances: monopoly sources of supply; goods whose import is monopolized; specialized products or services; and goods and services needed urgently;

(7) Advance payments are permitted, against a letter of guarantee. U.S. standby letters of credit (which can be insured for political risk by the U.S. Overseas Private Investment Corporation) are acceptable in Egypt.

Practical Problems of the Tenders Law

There is no time limit for the decision-making committees to meet, make, or announce their decision. If a bidder withdraws its bid prior to bid opening, it forfeits the bid bond. Bidders often are "held hostage" to a government agency that stalls the bid opening for varied reasons, including running out of funds for the project. Costs of extending bid bonds are borne by the bidders. If a winning firm withdraws from a project before beginning or completing a project, its performance bond similarly will be confiscated. This has happened when a client has delayed start-up because of budget shortfalls, expecting the contractor/supplier to carry the burden of maintaining the performance bond.

Government agencies often delay giving the "final acceptance" of goods or works projects. This holds up final payment and final retirement of the performance bond. There are no time limits for making payment from the date of acceptance of a bid, nor any provision for implied or automatic acceptance of a supplied good or service. The

client must explicitly acknowledge "final acceptance" before the contractor can receive final payment and retire the performance bond.

If award decisions are delayed beyond the validity date specified by a bidder, extra costs incurred by the delay cannot routinely be passed on. If the client adds new requirements to an ongoing contract, any extra monies requested by the supplier/contractor must be endorsed by a special "price study committee" which sometimes takes years to approve. In the meantime, of course, the supplier/contractor is expected to fulfill the revised contract without delay or complaint.

The Tenders' Law makes no reference to dispute resolution, which therefore must be negotiated prior to contract signing. Arbitration in Egypt or abroad (the latter can include foreign law and foreign arbitral procedures) is preferred to the court system, although enforcement of arbitral awards is not assured because the losing party can appeal Egyptian or foreign arbitral decisions in Egyptian courts. If no specific dispute settlement procedure is mentioned, any future dispute with a government party will go to the government's Council of State. This is a government agency that both reviews the constitutionality of proposed laws and regulations and functions as a court for all non-criminal matters to which the government is a party. If the government party does not honor an arbitration decision, the tender's law does not permit the winning party to use the arbitration settlement documents to settle claims with other government entities (customs, tax, social insurance, etc.).

There is no provision allowing the supplier to delay work if payments are delayed. There is no provision to reduce the performance bond progressively according to the rate of completion of the work.

For Letters of Credit/Guarantee offered as a performance bond, it is advisable to have separate L/Cs for each procured commodity or distinct order, in order to avoid delaying the entire shipment if there is a dispute over one item. The Tenders' Law has increased the ceiling on direct orders to LE 50,000 (approximately \$9,000).

In the Tenders' Law, tenders and bids are not to be transformed into "momarsa" unless otherwise explicitly mentioned in the tender advertisement. Maintenance and after-sales technical service is to be given significant consideration in deciding and evaluating offers. The job is to be given to the lowest bidder only if the requirements for technical and maintenance support are fulfilled.

Amendments to Dispute Settlement Law 27 of 1994 regarding contracts between public enterprises and private (domestic and international) sector suppliers allow both parties to agree to appoint any accepted legal body. In the past, the only body overseeing disputes with public enterprises was the State Council, which was taking years in some cases to settle disputes. Parliament approved these amendments in May 1997.

In July 2006, the Tenders' Law was amended to allow state property to be sold by direct agreement in cases where a public auction would be impractical. In September 2006, the executive regulations of the Tenders' Law were also amended, to streamline contracts procedures. The changes shorten the period required for announcing tenders and evaluating bids; lower charges for tender documents; oblige clients to hold pre-bid meetings to clarify items in tenders; and include model contract terms clearly

establishing rights and obligations of contractors. The amendments allow small-and medium-sized enterprises to acquire tender documents at cost, in order to help such firms win business. An amendment to the Tenders' Law was issued in May 2006, requiring the contracting governmental entity to change the agreement value with the contractor, pursuant to the increase or decrease in cost, which took place after the date determined for opening the technical envelopes or after the date of concluding the agreement. The amendments also require the contracting entity to disburse to the contractor advance payments for work-in progress. The amendment also stipulates compensating contractors for price fluctuations that might occur during the first year of the contract.

The new laws correct some of the most serious flaws in Egypt's current government procurement procedures. Egypt is also now playing a positive role in international discussions of procurement practices, including those of the World Trade Organization. You may also engage the staff of the Commercial Service in Egypt, as well as the Advocacy Center at the U.S. Department of Commerce in Washington, D.C. to advocate on your behalf for projects and in disputes. Please note that if you have retained legal counsel and began legal proceedings, the U.S. Government cannot interfere.

Other Practical Considerations in Selling to the Government

Poorly written specifications may force bidders to guess what the customer wants. U.S. firms must stay in close touch with client agencies to minimize doubts and uncertainties. Do not assume the "best" is desired, since superior features may not be understood or the price may be too high. The law is silent about who writes tender specifications and neither encourages nor discourages hiring of consultants to do so. Foreign firms that are trusted by government officials often voluntarily propose tender specifications to prospective bidders, which give them a chance to determine the specifications. In the decision-making committee, the technical representative (typically an engineer) must concur in the award decision. Such persons have much influence.

Government entities expect performance bonds to cover the full warranty period for the product or work in question, and drawdown proportionally to work completed are not usual. U.S. suppliers, by contrast, generally want performance bonds limited to safe delivery and/or set-up. Therein lie grounds for much misunderstanding and complaints over alleged delays in releasing performance bonds.

Influence peddling in procurement decisions is a much-discussed phenomenon. What is certain is that decision-makers must feel comfortable with a supplier. They will not select a low-bidder unknown to them. Personal friendships and frequent visits to decision-makers by foreign principals and their local representatives are important marketing factors. While "sweetheart deals" are known to take place, many Egyptian sources affirm that the majority of decisions are openly competitive and straightforward. While the decision-making process may seem opaque, details of bids are readily obtainable through informal channels.

Distribution and Sales Channels

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Foreign firms can sell directly within Egypt if they are registered to make direct sales. Many do so as part of a manufacturing or assembly operation in Egypt. A few foreign

firms use free zones or bonded warehouses to store goods and hire their own employees to sell door-to-door consumer goods. Most foreign firms, however, rely on Egyptian companies for wholesale and retail distribution, ensuring their effectiveness through staff training programs in Egypt and abroad, supplying short-term home office personnel to work with the Egyptian firm, and making regular visits by marketing and technical support staff. Although the concept of "marketing", as compared to simply selling, or waiting for the customer to find and come to you, is new to Egypt and weakly practiced, there are a growing number of good Egyptian marketing firms who know how to market the products in which they specialize.

Egyptian commercial agents are required for foreign firms to bid on most civilian government tenders. By contrast, commercial agents cannot be used to bid on military tenders, although use of Egyptian "consultants" may be allowed if the arrangement is properly structured. Commercial agents are optional when bidding on tenders issued by the petroleum companies, when selling to the private sector, or when selling under USAID-financed programs.

There are many choices for distributors, dealers, and agents in Egypt. There are a few firms with modern management, including "profit center" staff responsible for success in specialized departments. There are more traditional "general trader" type companies, some of which have developed a certain specialization (e.g.: lumber, building products, canned goods, fresh and frozen meats), and some of which handle "everything." Also, there are smaller firms specializing in only a few product lines or only a handful of foreign suppliers.

According to Egyptian Customs authorities and the Ministry of Industry & Foreign Trade, in 2007 (the latest statistics available) Egypt had 5,800 registered importers, 9,600 exporters, 4,330 commercial agents representing 106,200 foreign firms, and 4,250 factories licensed to import components. Most of these firms are privately owned, but the government sector includes some 279 separate companies affiliated with 16 holding companies; nearly 30 military factories that also make civilian products; and 1,500 companies owned by one of the 26 provincial authorities.

Many retailers of consumer goods tend to import their own needs directly rather than pay high markups to wholesalers - sometimes a suitcase or trunk load at a time. A corollary is that many Egyptians prefer getting quotes directly from the overseas supplier rather than from the local agent on the theory that the price will be better. This habit suggests that U.S. principals be sensitive to the role and presumed cost of their Egyptian agents. One way to strengthen that role is to refer customer inquiries back to the Egyptian agent or to a regional representative outside Egypt.

Only registered commercial agents can work on government tenders. Often such persons have retired from the government agency to which they are now specialized in selling. This system is especially common among persons selling to the military, security, and police agencies. In the extreme, some of these people literally operate out of their homes and have neither office nor staff, but they can be effective.

Egyptian law requires that all commercial agents and importers have Egyptian nationality. If it is a company, the chairman and all members of the board must be Egyptian, and it must be 100% Egyptian-owned. Agents also must have resided

continuously in Egypt for at least five years with specified exceptions for expatriate Egyptians having an overseas work permit; be certified by a local chamber of commerce or professional association; not be a civil servant or worker in a public sector company (i.e., not moonlighting), nor a member of the People's Assembly; not be a "first grade relative" (i.e., a member of the immediate family, or uncle, aunt, niece, or nephew) of a civil servant of the rank of Director General or higher, or of a member of the People's Assembly. This prohibition against agents with family members in government is rarely enforced. Public sector firms can be agents, as can private firms and individuals. Distributor-type companies with any foreign ownership can market goods, including imported goods, in the following circumstances (although they cannot handle the import operation, per se):

(1) General Partnership Companies, or Limited Partnership Companies: In these types of companies, there may be a foreign partner, provided that the Egyptian partner(s) have at least 51% of the capital and the general manager or head of the company is an Egyptian national. In these instances, such a distributorship company cannot be an "importer" nor act as commercial agent unless it is 100% Egyptian owned and managed.

(2) Limited Liability Company: A foreign partner in this type of distributorship company faces no limit on the percentage of ownership, provided that at least one manager of the company is an Egyptian national (there can be one or more managers depending upon the articles of incorporation), there are at least two shareholders or partners, and the capital of the company is not less than LE 50,000 (approximately \$9,000). A distributorship company of this type also cannot be an "importer", nor act as commercial agent.

(3) Joint Stock Company: Provided that at least 49% of the shares are offered to Egyptians upon formation, foreign shareholders ultimately can own up to 100% of the company, provided that a majority of the board of directors are Egyptians, the capital of the company is not less than LE 250,000, and there are at least three shareholders. Again, a distributorship company of this type may not import or act as a commercial agent unless it is 100% Egyptian owned and managed.

Foreign firms that form a distributorship as mentioned above often permit the Egyptian partners to form a separate company to act as "importer" or agent. The latter delivers the goods to the distributorship company for marketing within Egypt.

Products enter Egypt through the main ports of Alexandria, Dekheila, Damietta, Port-Said, and the comparatively new port of Ain Sokhna. Goods are then cleared by the importer or end-user and are stored in the main distribution centers located in Alexandria and Cairo. From there, well-organized distribution companies with networks covering the entire country will distribute to wholesalers and retailers.

Selling Factors/Techniques

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Egyptians with whom an American will deal in business are often trilingual (English-French-Arabic), well-traveled individuals who pride themselves on ferreting out good

deals at decent prices. Mid-level government officials with whom a foreigner may deal may be less sophisticated and less well traveled, but no less able to negotiate.

Negotiations for a sale, whether with a government agency or a private individual, will be bound by certain unspoken Egyptian cultural requirements. One is that there is no final best price that cannot be reduced further by negotiating. A corollary is that only a neophyte would offer one's best price, or anything close to it, early in negotiations. Government employees are judged on their ability to squeeze the final penny from the lowest bidder. This happens repeatedly, at every level of decision-making, and is the Egyptian version of the "Dutch auction", called in Arabic "momarsa". Momarsas have been popular because they give Egyptian officials the appearance of trying to get the best deal for Egypt, and they reduce charges of cronyism.

The Commercial Service in Egypt publishes a Directory of U.S. Businesses in Egypt. The directory lists U.S. companies with offices and representatives in Egypt, as well as the Egyptian representatives and agents. To obtain a copy, please send an inquiry to Cairo.Office.Box@mail.doc.gov.

Electronic Commerce

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Egypt's Electronic Signature Law 15 of 2004 established the Information Technology Industry Development Agency (ITIDA) to act as the e-signature regulatory authority and to further develop the information technology sector in Egypt. The Ministry of State for Administrative Development (MSAD) implemented an e-government initiative to increase government efficiency, reduce services provision time, establish new service delivery models, reduce government expenses, and encourage e-procurement. For example, the e-tender portal, established in August 2007, allows all government tenders to be published online. In September 2009, the government implemented the e-signature service, allowing public and private companies to offer e-signature authentication. New legislative proposals on information security, cyber crimes, and the right to information have been in the drafting process for over a year, and it is unclear if they will be implemented.

E-Business websites:

<http://www.otlobward.com/>
<http://www.otlob.com/>
<http://www.masrawy.com>
<http://www.yallakora.com>
<http://www.mazika.com>
<http://www.msn.arabia.com>
<http://www.arabfinance.com>
<http://www.careermideast.com>
<http://www.el3ab.com>
<http://www.rotana.net>

Telecom Egypt:

<http://www.telecomegypt.com.eg/>

Real Estate Website:

<http://www.betna.com/coldwellbanker/nu/eng/index.asp>

Government Websites:

<http://www.itida.gov.eg/>

<http://www.egypt.gov.eg/english>

Trade Promotion and Advertising

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Strategically placed newspaper and magazine advertisements are good marketing tools in Egypt. Egyptians read newspapers voraciously, and all literate people will see or hear advertisements placed in the widely circulating Al Ahram daily (<http://www.ahram.org.eg>). Television is watched by all Egyptians, and advertisements reach and influence wide audiences. TV advertising has continued to increase in sophistication and prominence. Two partially privatized pop radio stations have also been created and already have captured a large part of the youth market. Other forms of advertisement in Egypt consist of roadside billboards, flashing neon signs on building roofs, building walls completely painted with advertising signs, "junk mail" advertisements, faxed advertisements, and messenger/courier-delivered direct mail campaigns.

Trade promotion is becoming more sophisticated. Trade shows are frequent, aimed either at targeted business audiences or the general public; several take place each month at one or more of the downtown hotels or the Cairo International Conference Center (CICC). The annual Cairo International Trade Fair, held in the spring of every year, is the historical centerpiece of Egyptian trade promotion events.

For a listing of trade events and fairs in Egypt, please visit the CS Egypt website at: <http://www.buyusa.gov/egypt/en/tradeevents.html>

SELECTED MEDIA LIST

DAILY NEWSPAPERS

Al Ahram: (circulation 900,000 Sunday - Thursday, 1,000,000 Friday)
---Egypt's most prestigious daily and most prosperous of the country's five largest publishing houses. In addition to publishing, the company has interests in many business services including computerization, billing services, and ID card services.

Al Akhbar: (circulation 850,000)
---More informal news (crime, human interest) than Al Ahram. Simpler language. Harshly antagonistic toward U.S. policies.

Al Wafd: (circulation 220,000)
---Mouthpiece of the New Wafd Opposition Party. Leading opposition paper, but much smaller and limited in coverage and scope than the major pro-Government dailies above.

Egyptian Gazette: (circulation 4,500)
---The English-language daily. Part of the Gomhouriya publishing house. Caters almost

exclusively to foreigners living in Egypt and tourists.

ECONOMIC PUBLICATIONS

Al Ahram Al Iktisadi weekly magazine: (circulation 10,000)

---Egypt's leading economic magazine, modeled after the British "Economist", is read by academics and government economic officials and has numerous readers outside Egypt.

Business Monthly: (circulation 9,000)

---English-language magazine published by American Chamber of Commerce in Egypt.

Egypt Today and Business Today: (circulation 17,500)

---Glossy English-language magazines related to social/business life in Egypt published by International Business Associates.

Pricing

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Egypt traditionally is a price-sensitive market, where quality often takes second place to cost. Exceptions to the generalization that "price sells" are sales financed by USAID and other foreign/international donors such as the African Development Bank. When funds are provided by these donors, another exception is consumer goods: people will pay for quality if they perceive it. However, the same affluent Egyptians who may buy a Mercedes car will tend to outfit their new factories with used equipment if they can cheaply transport a "complete" factory from abroad. Imported machinery is charged in addition to customs duty, a 10% Sales Tax, 3% Service Tax, and 1% Industrial and Commercial tax.

Sales Service/Customer Support

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U.S. sellers should aim to create and support a sales/service network in Egypt by training their distributors and dealers. Firms that sell directly to government agencies need to do the same - ensure training of the workforce using the product or it will fail through ignorance of proper maintenance and the foreign supplier will be blamed for poor quality. Total Quality Management (TQM) interest has skyrocketed among producers in recent years with a number of them now working toward ISO 9000 certification.

Protecting Your Intellectual Property

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Introduction

Several general principles are important for effective management of intellectual property rights in Egypt. First, it is important to have an overall strategy to protect IPR.

Second, IPR is protected differently in Egypt than in the U.S. Third, rights must be registered and enforced in Egypt, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request; however we cannot make any recommendations.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Egypt. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Egypt require constant attention. Work with legal counsel familiar with Egyptian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Egypt and U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- The Egyptian Center for Intellectual Property and Information Technology (ECIPIT)

IPR Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov. This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.
 - o For an in-depth examination of IPR requirements in specific markets, toolkits are currently available in the following countries/territories: Brazil, Brunei, China, Egypt, European Union, India, Italy, Malaysia, Mexico, Paraguay, Peru, Russia, Taiwan, Thailand, and Vietnam.
 - o For assistance in developing a strategy for evaluating, protecting, and enforcing IPR, please use the free **Online IPR Training Module** on www.StopFakes.gov.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP Attaché who covers Egypt at: Mohamed.shaltout@mail.doc.gov.

IPR Climate in Egypt

Egypt is a signatory to the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, the Berne Copyright Convention, the Paris Convention for Protection of Industrial Property of 1883, the Madrid Agreement Concerning the International Registration of Marks 1954, and the Nice Agreement Concerning the International classification of goods and services, the Stockholm Act of 1967, the Hague Agreement, the Geneva Act 1999, the Patent Cooperation Treaty (1970 as modified and amended), and the Trademark Law Treaty.

In recent years, Egypt has made some progress in strengthening its IPR regime through improvements in its domestic legal framework and enforcement capabilities. In May 2002, Egypt enacted a new comprehensive IPR law (Law 82 of 2002) that met certain key TRIPS requirements, including providing data exclusivity and exclusive marketing rights and enacting a patent mailbox. The law also addressed IPR protection in areas such as patents, copyrights (with enhanced protection for sound and motion-picture recordings and computer software), trademarks, plant varieties, industrial design, and integrated circuit layout design.

Although the law has certain shortcomings, its passage demonstrated a marked improvement in the major facets of Egypt's IPR regime. In July 2003, implementing regulations for the patent, trademark, and botanical variety provisions of the law were issued. Implementing regulations for Copyright provisions were issued in 2005. Egypt also ratified the WIPO Patent Cooperation Treaty in 2003.

From April 2001 until December 2003, the Government of Egypt did not approve any generic copies of internationally protected pharmaceuticals. Since then, however, the Minister of Health has approved local copies of pharmaceuticals, in violation of Egypt's international property protection obligations. The international property protection problem appeared to worsen in late 2004 when the Egyptian Ministry of Health apparently embarked on the approval of a significant number of copies of pharmaceutical products for marketing in Egypt. As a result, the office of the United States Trade Representative (USTR) in 2004 elevated Egypt from the "Watch List" to the "Priority Watch List" (where it had been until 2003) during its annual "Special 301" IPR review. After 4 years on the Priority Watch List, USTR lowered Egypt to Watch List in 2008. Reasons cited for the movement to Watch List in 2008 included progress in improving Egypt's IPR regime overall, especially in the area of pharmaceutical IPRs, and increased bilateral communication on IPR between the governments of Egypt and the United States. Egypt remained in the Watch list in 2009 report even in light of efforts done in the Area of the IPR Enforcement, particularly in the area of entertainment and business software piracy.

A modern, computerized Egyptian Patent Office operating under the authority of the Ministry of Higher Education and State for Scientific Research processes patent applications and grants patent protection. The government has significantly improved the quality and transparency of Egypt's trademark and industrial design registration system. In preparation for the new WTO patent regime, in effect as of January 1, 2005, the Ministry began hiring new technical examination staff in 2003.

The International Intellectual Property Alliance's (IIPA) 2008 Special 301 Report estimated that the level of piracy for business software in Egypt during 2008 had fallen to 59% from 60% the previous year. IIPA also estimated the level of piracy for records and music in Egypt to be 75% during 2007, up from 70% the previous year.

The following paragraphs summarize the law's provisions on different types of IPR:

Patents: The law increases the protection period for a patent term to 20 years, and for pharmaceuticals includes provisions on data exclusivity and exclusive marketing rights which had been adopted by Prime Ministerial decree in 2000. Egypt has elected to be treated as a Developing Country for pharmaceuticals and chemicals under the TRIPS Agreement. As of January 1, 2005, Egypt has been required to be in full compliance with its TRIPS patent obligations. There were estimated to be some 4,000 patent applications filed in its TRIPs "mailbox" for applications relating to pharmaceutical products. The patent authorities began to review these applications in 2005 as required. The Egyptian Patent Office now reports that all applications filed in the WTO TRIPs mailbox have been processed.

Adopting first Arab, African Egyptian patent office as int'l body
On Friday September 25, 2009 The World Intellectual Property Organization (WIPO) approved the Egyptian Patent Office as an international body; thereby adopting the first

Arab, African patent office. The step is part of a cooperation treaty under which the Egyptian Patent Office will accept patent applications from all countries. It came after years of preparations made by the Egyptian government with the UN specialized agency (WIPO).

Egypt became the first country in Africa and the Middle East and the third in the developing world to have acquired this authority. The office, established in 1951, is affiliated to the Academy of Scientific Research and Technology.

Since 1975, Egypt has been a member of the WIPO which is dedicated to developing a balanced and accessible international intellectual property system, which rewards creativity, stimulates innovation and contributes to economic development while safeguarding the public interest.

Data Protection: In January 2007, the Government of Egypt announced its enactment of a new streamlined drug registration system for drugs carrying a USFDA or EMEA approval. Such a system would be useful to increase the effective pharmaceutical data protection period, which is counted as five years starting from the date the application for registration of a drug is filed at the Ministry of Health. The system does not yet operate as intended.

Copyrights: The new law offers copyright protection to artistic and literary works, computer programs, and audio-visual works. Books and computer programs are provided protection for the author's lifetime plus 50 years. Sound recordings are granted 50 years protection from the recording date. The specified penalty for copyright violations is a fine of LE 5,000-10,000 per infringement or a prison term of not less than one month, or both. The 2005 implementing regulations for copyrights were amended twice in 2006 primarily to address procedural matters. Significantly, the latest amendments clarified that registration and enforcement authority for software and database IPRs rests with the Information Technology Industry Development Agency (ITIDA) under the Ministry of Communications and Information Technology (MCIT).

Trademarks: The new IPR law offers trademark protection of ten years, in accordance with the Trademark Law Treaty. Penalties have increased to a maximum of 20,000 Egyptian pounds or imprisonment of not less than one month, or both.

Madrid Protocol: On December 24, 2008, a joint Shura Council and People's Assembly Committee agreed to the ratification of the Madrid Protocol relating to the Madrid Agreement Concerning the International Registration of Marks. The Committee approved the treaty. Egypt has been a signatory of the Madrid Protocol (since June 28, 1989) but it never ratified the treaty, and as such did not enter into force. Joining the Madrid Protocol should improve US-Egyptian trade by opening the way for Egyptian businesses to register their marks in more foreign countries through a single filing, by simply designating the countries in which they want to register. Egyptian companies will have this advantage in an additional 27 countries or territories that have joined the Protocol but not the Madrid Agreement, including the United States and the European Union. In addition, US businesses will now be free to designate Egypt on their single trademark filing under the Madrid Protocol, rather than having to hire a local agent and file directly in the Egyptian Trademark Office in the Commercial Registry Administration. There are also other advantages to the Protocol such as filings and correspondence

which can be conducted in the English-language under the Protocol and fees should be higher for Egypt.

Semiconductor Chip Layout Design: The new law incorporates a chapter for protecting semiconductor chip layout design. Previously there was no legislation protecting semiconductor chip layout design, although Egypt had signed the Washington Semiconductor Convention.

In recent years the United States has provided significant assistance through USAID-funded projects to Egypt in order to establish and strengthen the Government of Egypt's IPR-related institutions. A modern computerized Patent Office is now capable of processing and ensuring the protection of patent applications, and the quality and transparency of the trademark and industrial design registration system has been significantly improved. The Government of Egypt has also taken steps to ensure the authorized use of legitimate business software by civilian government departments.

Although progress has been made, further steps must be taken to strengthen protection of copyrighted material and confidential test data. High copyright-piracy levels continue to affect many categories of intellectual property, particularly book publishing, , music recordings, and motion pictures. .

For more information, please see [Egypt's Intellectual Property Unit](#) in the General Secretariat of the League of Arab States

Due Diligence

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Due diligence is part of the array of services the Commercial Service provides for the benefit of U.S. business. It is recommended that U.S. firms take advantage of the U.S. Commercial Service International Company Profile (ICP) service before signing an agency agreement with a local concern, choosing a local partner to bid jointly on a major project, or doing business for the first time with a local company. ICPs are prepared at the request of U.S. firms and provide financial and background data on Egyptian companies. U.S. firms can request an ICP through their local U.S. Export Assistance Centers.

Local Professional Services

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Local service providers and professional associations can be viewed on the U.S. Commercial Service in Egypt's webpage at: <http://www.buyusa.gov/egypt/en/bsp.html> or at the American Chamber of Commerce in Egypt: <http://www.amcham.org.eg/>

Web Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://cairo.usembassy.gov>
USAID: <http://egypt.usaid.gov>
American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>
Federal Business Opportunities: <http://www.fedbizopps.gov/>
Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>
Kompass Company Search: <http://www1.kompass.com/kinl/index.php>
Egyptian Businessmen's Association: <http://www.eba.org.eg/>
Alexandria Business Association: <http://www.aba.org.eg/>
Federation of Egyptian Industries: <http://www.fei.org.eg/>
Egyptian Exporters Association: <http://www.expolink.org>
Egypt's Intellectual Property Unit: <http://www.mfti.gov.eg/IP/index.htm>
Information Technology Industry Development Agency: <http://www.itida.gov.eg/>
General Authority for Investment and Free Zones: <http://www.gafinet.org/>
Egyptian Franchise Development Association: <http://www.efda.org.eg/>

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- [Telecommunications Equipment and Services \(TEL\) \(TES\)](#)
 - [Medical Equipment & Supplies \(MED\)](#)
 - [Electricity & Power Generation \(ELP\)](#)
 - [Petrochemical Industry \(ICH\)](#)
 - [Oil & Gas Field Machinery and Services \(OGM\)](#)
 - [Food Processing Equipment \(FPP\)](#)
 - [Educational Training](#)
-
- [Agricultural Sector](#)

Telecommunications Equipment and Services (TEL) (TES)

Overview

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| | 2008 | 2009 | 2010 (estimated) |
|------------------------|------|------|------------------|
| *Total Market Size | 5490 | 6250 | 7190 |
| Total Local Production | 3400 | 3570 | 3748 |
| *Total Exports | 750 | 850 | 1100 |
| Total Imports | 1340 | 1830 | 2342 |
| Imports from the U.S. | 536 | 732 | 937 |
| | | | |

(Exchange rate used: 1 USD = LE 5.5. Values are in millions of U.S. Dollars.

*Source: Ministry of Communications and Information Technology,
Figures listed are unofficial estimates in millions.)

The Egyptian telecommunications sector is one of the most developed in the Middle East/North Africa region, and expected to grow at over 15% annually in the coming three years. Major players are: one fixed line operator, Telecom Egypt (10.19 million subscribers); three GSM operators: Mobinil, Vodafone Egypt, and Etisalat (over 55.35 million subscribers).

The National Telecommunications Regulatory Authority (NTRA) announced on October 2, 2009, a bid inviting consortiums of local and international companies to submit their offers for two licenses to start and operate telecommunication networks to serve closed urban communities. Deadline to submit the bids were Tuesday, January 12, 2010.

IT and telecom are a major driving force for the development of many sectors such as healthcare services, media, education, and governmental services. With the assistance of the private sector 100 schools have been automated and developed, 100,000 school teachers received IT training, and 200 healthcare units have been upgraded. The focus is on cyber security, child online safety, and broadband development.

Best Prospects/Services

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- Call Centers Equipment/Network Centers
- Fiber Optic Cables
- GSM Solutions and Applications/Voice Over Internet Protocol (VoIP)
- Media Convergence/ Triple Play
- Wi-Fi/Wi-Max /Wireless Networks and Solutions

Opportunities

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Call center equipment, E-signature technologies, Wi-Max, GSM solutions and applications represent good business opportunities for U.S. firms.

Resources

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Ministry of Communications and Information Technology: <http://www.mcit.gov.eg/>

Telecom Egypt: <http://www.telecomegypt.com.eg/home-en.asp>

National Telecommunication Regulatory Authority:

<https://www.tra.gov.eg/english/Main.asp>

Information Technology Industry Development Agency: <http://www.itida.gov.eg/>

MobiNil: <http://www.mobinil.com/>

Vodafone: <http://www.vodafone.com/>

Etisalat: <http://etisalat.com.eg/>

Contact for the Commercial Specialist in charge of the Telecommunications Sector:

Hend El-Sineity, Email: [mail to: Hend.El-Sineity@mail.doc.gov](mailto:Hend.El-Sineity@mail.doc.gov)

Medical Equipment & Supplies (MED)

Overview

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| | 2008 | 2009 | 2010 (estimated) |
|------------------------|------|------|------------------|
| Total Market Size | 300 | 330 | 370 |
| Total Local Production | 33 | 34 | 34 |
| Total Exports | 18 | 19 | 14 |
| Total Imports | 285 | 315 | 315 |
| Imports from the U.S. | 37 | 42 | 42 |

(Exchange rate used: 1 USD = LE 5.50. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The medical equipment and supplies market in Egypt is estimated at roughly \$330 million, with an expected annual growth rate of 10% for the next five years. With little local production, the market relies heavily on imports and is steadily receptive to American products. Despite the solid reputation, U.S. market share is estimated at only 13%. Import duty is 5% plus a sales tax of 10%.

The ongoing healthcare reform project and the increasing population of 80 million are generating major demand for high-tech medical and healthcare items. With the government health reforms' target of achieving universal access to healthcare by 2010, the public sector is expected to account for the majority of expenditure growth in the next few years.

The Ministry of Health is currently undertaking an ambitious plan of building new hospitals and investing in renovating and refurbishing existing medical facilities with new technologies and up-to-date equipment, especially in the rural, under-served areas. The private sector's demand for sophisticated medical equipment continues to grow.

Best Prospects/Services

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- Oncology and radiological equipment
- Laboratory and testing equipment
- Surgical and medical devices and supplies
- Software for hospital management/network
- Intensive care equipment

Opportunities

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Opportunities for U.S. exports to Egypt's medical equipment and services market are substantial and cut across the entire spectrum of medical-related activities and needs. In line with the country's reform efforts to upgrade and overall healthcare system, there are several opportunities for U.S. firms with business plans that can offer the following services:

- Construction, management, and rehabilitation of hospitals and rural healthcare facilities
- Emergency care (ambulatory) services

- Training programs for nurses and physicians
- Establishing quality control biological and laboratory centers
- Providing plans for regulator and accreditation body of quality standards for hospitals, laboratories, and healthcare institutions
- Providing training courses in FDA-drug classification for MOH officials

Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://cairo.usembassy.gov/>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Ministry of Health & Population: <http://www.mohip.gov.eg/>

Contact for the Commercial Specialist in charge of the Healthcare Sector: Rania Mekhail,
Rania.Mekhail@mail.doc.gov

Electricity & Power Generation (ELP)

Overview

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| | 2008 | 2009 | 2010 (estimate) |
|------------------------|-------|-------|-----------------|
| Total Market Size | 1,500 | 1,750 | 2,000 |
| Total Local Production | 300 | 350 | 400 |
| Total Exports | 58 | 62 | 70 |
| Total Imports | 1,200 | 1,400 | 1650 |
| Imports from the U.S. | 340 | 400 | 460 |

(Exchange rate used: 1 USD = LE 5.5. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

Egypt is the largest energy producing country in the Middle East. With its high population growth and growing economy, electricity consumption tripled over the last 20 years. Overall demand for electricity is growing at an annual rate of 7%, making it a highly lucrative sector for foreign and local investments. The Ministry's current maximum load consumption of over 12,000 megawatts is met by the over 15,000 megawatts of existing installed capacity. However, the government has plans for an additional 14,000 megawatts of electrical power capacity by 2012. This represents a doubling of the existing electricity capacity and entails additional investments of \$7.9 billion, of which \$5 billion is expected to be provided by the Build, Own, Operate, Transfer (BOOT) model with the private sector.

Egypt's power sector is currently comprised of seven regional state-owned power production and distribution companies that are held by the Egyptian Electricity Authority (EEA). In July 2000, the EEA was converted into a holding company, though still owned by the state. Egypt has several privately-owned power plants currently under construction which are financed under Build, Own, Operate, and Transfer (BOOT) financing schemes.

The first BOOT project was a gas-fired steam power plant with two 325-megawatt (MW) generating units, located at Sidi Krir on the Gulf of Suez. The plant cost \$450 million, and began commercial operation in late 2001. U.S.-based InterGen (a joint venture of Bechtel Enterprises and Shell Generating Ltd.), along with local partners Kato Investment and First Arabian Development and Investment, have the 20-year BOOT contract for Sidi Krir. The second BOOT power project award went to Electricite de France (EDF), for two natural gas-fired plants located near the cities of Suez and Port Said. The two plants, which came online in 2003, have a total capacity of 1,366 MW. In February 2006, the World Bank agreed to fund a 700-MW plant expected to cost roughly \$260 million, which will contain two 350-MW steam turbines.

Best Prospects/Services

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- Circuit Breakers for more than 66kv
- Nuclear related consultation and generation equipment and peripherals
- Power transformers more than 25MVA-66kva
- Power transmission lines

- Turbine generator units with associated equipment
- Vibration dampers

Opportunities

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The Ministry of Electricity is enacting for the first time a plan to partially privatize domestic electrical production. The government, through the Electricity Holding Company, which is currently Egypt's sole producer of electricity, a service for which it incurs an annual deficit of LE 7 billion. Now, in an effort to reduce debt, the government will begin selling contracts to private firms, who will co-own plants with the government.

The government plans to liberalize the energy sector gradually to reduce its debt and subsidy burden, and restructure the sector to allow more private sector participation. Over the next 5 years, Egypt plans to expand electricity capacity to 32,000 megawatts (MW). The additional capacity will come principally from 11 new thermal plants and expansions: Kureimat 2 and 3, Talkha, Tabbin, Nuberiya 3, Cairo West, Sidi Krir, el-Atf, Abu Qir, Ain Sokhna and Sharm el-Sheikh.

Resources

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- Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>
- U.S. Embassy: <http://cairo.usembassy.gov/>
- USAID: <http://www.usaid-eg.org/>
- World Bank: <http://www.worldbank.org/>
- American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>
- Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>
- Ministry of Electricity and Energy: <http://www.moee.gov.eg/>
- Egyptian Electricity Holding Company (EEHC)
Email: necc@link.net
- New and Renewable Energy Authority
Email: nre@idsc.net.eg, Tel.: +20 (2) 227-13176, Fax: +20 (2) 2271-7173
- Power Generation Engineering and Services Company (PGESCO)
Tel: +20 (2) 2417-5863, Fax: +20 (2) 2417-5862.
<http://www.pgesco.com/>

Contact for the Commercial Specialist in charge of the Electricity and Power Generation Sector: Dalia Sherif, dalia.sherif@mail.doc.gov

Petrochemical Industry (ICH)

Overview

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| | 2008 | 2009 | 2010 (estimate) |
|------------------------|-------|-------|-----------------|
| Total Market Size | 4,000 | 4,788 | 6568 |
| Total Local Production | 0 | 0 | 768 |
| Total Exports | 0 | 0 | 373 |
| Total Imports | 4,000 | 4,788 | 5800 |
| Imports from the U.S. | 621 | 782 | 800 |

(Exchange rate used: 1 USD = LE 5.50. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

Egypt's petrochemical industry is growing at a ten-fold pace, having increased from \$328 million in 2004 to approximately \$3 billion in 2007. Currently, four projects are in progress and are expected to produce 2.6 billion tons of petrochemicals in 2008 and 2009. The two projects to produce polypropylene and polystyrene are now under construction and are expected to cost \$800 million. This is part of the Government's 20-year ambitious master plan to produce petrochemicals for export, in addition to covering the demands of the local market. The master plan will be executed in three phases, at an estimated overall cost of \$10 billion. The first phase will cost \$3.8 billion and was completed in 2008, with phase two running from 2009-2015, and phase three from 2016-2022. U.S. technology is in great demand, the majority of the existing petrochemical plants are producing under-license from U.S. companies. The U.S. market share is approximately 26%. Market demand for petrochemicals in Egypt is estimated at 6% annually.

In 2009/2010 Egypt has produced 1.8 million tpa of petrochemical products worth US \$768 million; 836,000 tpa of which were exported worth US \$373 million.

Best Prospects/Services

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The petrochemical industry is in an excellent position to accept feasibility studies, technology transfers, project and equity participation, and investment opportunities. Equipment for petrochemical factories have historically been imported primarily from the UK, US, Italy, and the Far East, often depending highly upon feasibility study requirements and/or recommendations.

Opportunities

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Egypt's Ministry of Investment has several major projects it is currently seeking financing for, including the following:

- Methanol: Production of 1.3 million tpa of methanol for use as automotive fuel, together with the production of essential petrochemicals and chemicals products. Cost: \$650 million.
- PVC: Raising output by 60,000 tpa for ECHEM. Cost: \$250 million.
- Polystyrene: Production of 200,000 tpa for use in plastics industry. Cost: \$150 million.

- Benzene/Toluene/Xylene: Production of 450,000 tpa, 450,000 tpa and 530,000 tpa respectively. Cost: \$1billion.

Additionally, the Egyptian General Authority for Investment and Free Zones (GAFI) invited foreign investment in four petrochemical projects worth about \$500 million:

- 120,000 tpa of PVC, costing \$200 million and located in the Nahda district in Alexandria;
- 200,000 tpa of PS, costing \$150 million and located in Alexandria;
- \$100 million project to increase naphtha and solar oil at a delayed coking unit at Suez Company for Oil Manufacturing;
- \$50 million on Amria Petroleum Refining Co in Alexandria.

Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://cairo.usembassy.gov/>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Echem: <http://www.echem-eg.com/>

Contact for the Commercial Specialist in charge of the Petrochemicals Sector: Dalia Sherif, Dalia.sherif@mail.doc.gov

Oil & Gas Field Machinery and Services (OGM)

Overview

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| | 2008 | 2009 | 2010 (estimated) |
|------------------------|-------|-------|------------------|
| Total Market Size | 2,000 | 2,200 | 2,400 |
| Total Local Production | 175 | 200 | 225 |
| Total Exports | 8 | 8 | 8 |
| Total Imports | 1,825 | 2,000 | 2,175 |
| Imports from the U.S. | 435 | 475 | 515 |

(Exchange rate used: 1 USD = LE 5.5. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates)

The oil and gas sector is believed to be the largest foreign currency generator in Egypt. The sector has created a sizable market for oil and gas field machinery and services, estimated at over \$1.5 billion. The Egyptian authorities have actively sought international joint ventures with oil and gas exploration and production companies. During the last five years, Egypt identified more than 150 oil and gas discoveries, both on and off shore, and attracted major international oil and gas companies to the local market. With steadily rising domestic consumption, numerous opportunities exist in the local market for exploration, production, and services.

Best Prospects/Services

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- Compressed Natural Gas (CNG) Technology and Peripherals
- Drilling Rigs and Related Equipment and Accessories
- Hi-tech Test and Measuring Equipment
- Liquefied National Gas (LNG) Related Technology
- Natural Gas Vehicles (NGV) Technology and Peripherals
- Tubes and Tubing Accessories

Opportunities

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- Delayed Cocker projects
- Gas to Liquid (GTL) projects
- Liquefying and Exportation of Natural Gas (LNG) projects
- Natural Gas Liquefied (NGL) projects

Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://cairo.usembassy.gov/>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

The Egyptian Ministry of Petroleum: <http://www.petroleum.gov.eg/>

Contact for the Commercial Specialist in charge of the Petrochemicals Sector: Dalia Sherif, Dalia.sherif@mail.doc.gov

Food Processing Equipment (FPP)

Overview

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| | 2008 | 2009 | 2010 (estimated) |
|------------------------|-------|-------|------------------|
| Total Market Size | 1,187 | 1,457 | 1,602 |
| Total Local Production | 95 | 95 | 95 |
| Total Exports | 0 | 0 | 0 |
| Total Imports | 109 | 119 | 131 |
| Imports from the U.S. | 84 | 105 | 115 |

(Exchange rate used: 1 USD = LE 5.50. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The 2010 food and drink market continues to provide new opportunities for foreign investors, due to its large size and currently remaining unsaturated. Demand for packaged and convenience foods will continue to grow due to higher levels of rising disposable incomes among some consumer groups and continued health and hygiene scares. A reduction in tariffs has enabled manufacturers to create good quality food and drink products at reasonable prices. With a population of 80 million, Egypt is the largest market in the Arab world. Additionally, a free trade zone between all Mediterranean states and the EU is expected to be in place by 2010. Egypt's dairy sector offers strong opportunities, with low per capita dairy consumption in the region presently, but rising along with increased exposure. The government is also selling a number of its state-owned companies, many of which are good opportunities for foreign investors.

The tourism sector continues to grow; the restaurants and hotels sector grew by 13.3% in FY 06/07 and the number of visitors rose by 18.4% from last year to date. Egyptian exports increased by 23.3% and food consumption is expected to increase by 29.7% over the next five years to reach \$44.58 billion in 2012, while per capita food consumption will grow to \$527.9 billion. Growth will be driven by the spread of mass grocery retail outlets and exposure to western products and consumption methods. This should drive up average consumer spending at the supermarket among middle and upper income bracket consumers

The 2009 Egyptian market for food processing and packaging equipment was valued at nearly \$1,484 billion and is expected to grow at an annual rate of 25% over the next three years.

Egypt's food processing and packaging equipment market is comprised of 95% imports and 5% domestic goods. The food processing and packaging equipment sector covers the following: flourmills and silos, sugar milling equipment; slaughterhouses, edible oil crushing and refineries; agro-industries (vegetable and fruit processing, dairy processing, beverages and meat processing), confectionery and snacks. The local market is very receptive to U.S. equipment because of its excellent reputation and perceived value.

One specific area U.S. firms can target is the supply of agro-industry processing equipment which includes sugar crushing and refining plants, edible oil crushing and

refining equipment, meat processing equipment, cake and biscuit lines, snacks, silos, slaughterhouses, and packaging equipment.

The majority of the vegetable and food processing equipment are imports, mainly from Italy, Germany, Spain, U.K., USA, and Far East. The U.S. has a market share of 7%; however, it can further increase its share by appointing local agents, offering improved after-sales service, and pricing more competitively. Egypt manufactures 5% of the market's vegetable and food processing equipment, mainly spare parts for the sugar milling industry, bakeries, packaging and filling machinery.

Best Products/Services

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- Sugar Mills
- Slaughter Houses
- Edible Oil
- Fruit and Vegetables processing
- Meat Processing
- Dairy Processing
- Confectionery
- Breweries
- Snacks
- Packaging Equipment
- Silos & Storage Facilities

Opportunities

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Egypt's food processing and packaging industry is expected to see substantial growth during the next three years. The increase is due to Egypt's rapidly growing population reaching 85 million and its growth of 1.2 million annually. Other factors spurring this industry growth are the privatization of the remaining public sector entities specifically the edible oil processing companies and the government's continued focus on increasing exports. These changes will require the acquisition of world-class food processing and packaging equipment.

Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://cairo.usembassy.gov/>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Contact for the Commercial Specialist in charge of the Food Processing Equipment Sector: Rania Mekhail, Rania.Mekhail@mail.doc.gov

Educational Training

Overview

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| | 2008 | 2009 | 2010 (estimated) |
|------------------------|------|------|------------------|
| Total Market Size | 269 | 328 | 356 |
| Total Local Production | 0 | 0 | 0 |
| Total Exports | 0 | 0 | 0 |
| Total Imports | 269 | 328 | 356 |
| Imports from the U.S. | 117 | 133 | 149 |

Exchange rate used: 1 USD = LE 5.49. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

As the Egyptian Government continues with privatization plans of public sector entities, the private sector equally strives to upgrade its workforce efficiency through training. Consequently, the development of a highly skilled and competitive workforce is becoming imperative to meet the needs of both employers and employees. The educational training and equipment market in Egypt is estimated at \$260 million a year, with an annual growth rate of 15%. A leading source in the educational field estimates the number of potential clients at 10,000 companies of varying sizes in both the public and private sectors.

Best Products/Services

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- English language instruction
- E-based programs to enhance teacher performance
- Computer software
- Management/Business training covering such topics as banking, finance, marketing, customer service, general management, and presentation skills either using multimedia software or through video training.
- Vocational training with materials adaptable to cover the textile, engineering, metal, and health technology industries.
- Workshop training equipment, including training simulators and computers, audio visual and video equipment and supplies, educational training aids, including overhead and slide projectors, LCD multimedia projectors, panels, and data shows, all types of screens including electric screens, projection equipment and easels.
- Videoconference equipment
- Educational laboratory equipment for schools covering items required for medicine, physics, chemistry, and biology labs.
- Electronic dictionaries

Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://cairo.usembassy.gov/>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

For more Contact the in charge of the Educational Training Sector: Hanzada Farid,
hanzada.farid@mail.doc.gov

Agricultural Sectors

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Agricultural Sector

Agriculture remains one of Egypt's most important sectors and continues to achieve steady growth rates of 3-4% per year. The agriculture sector contributes roughly 16 percent to Egypt's GDP, but this share has declined in the recent two decades and is expected to continue to fall in the future. Similarly, the number of Egyptians employed in the sector has fallen from about a third of the labor force in the early 1990s to less than a quarter in 2009. The challenge for Egypt is to maintain and expand agricultural production for domestic and export markets while at the same time adding value and employment through the development of more agriculture-based processing activities.

Egyptian subsidies on agricultural production are modest and well below levels allowed under its WTO commitments. The government is no longer maintains price controls on agricultural crops but has indicative prices for some crops such as cotton, corn, wheat and sugar cane.

Productivity gains since the mid-1980's achieved through long-term government commitments to policy reform and liberalization, coupled with assistance from donors (particularly USAID), have helped sharply increase grain and vegetable production, closing the gap between domestic food supply and demand. Wheat production was 7.4 million tons and rice production was 6.7 million tons in 2008/09. Egypt continues to encourage wheat production by paying high prices to local producers. The 2008/09 wheat procurement price was LE 1,800/ ton (\$327 per ton), down from LE 2,532/ton (\$460 per ton) in 2007/08. The total quantity of locally produced wheat sold to the Ministry of Supply in 2007/08 was 3.2 million tons. For the 2008/09 crop, the General Authority for Supply Commodities (GASC) purchased 3.52 million tons.

Egypt has one of the highest wheat per capita consumption levels in the world (180 kg). Total consumption of wheat in 2008/09 was estimated at 16 million tons, including nearly 8.3 million tons of imported wheat. In 2008/09, the Ministry of Trade and Industry (GASC) purchased 4.5 million tons of imported wheat and 3.5 million tons of locally produced wheat to produce 82 percent extraction flour used to make subsidized "baladi" bread. The subsidy on "baladi" bread cost the government close to LE about LE 9 billion last year. The private sector imports about 2 million tons of wheat annually, which is used more in the production of high quality flat bread and European type bread, pastries and pasta. Most of the domestic wheat crop is sold directly to consumers or retained by farmers for on-farm consumption.

Egypt is an important cotton producer, with output around 400, 000 U.S. bales (U.S. bale = 480 lb) annually.

Egypt produces about 6.2 million tons of corn annually, and is expected to import about 4.2 million tons in 2009. The majority of the local corn crop is utilized for animal feed (mostly consumed on farms), with about 1.5 million tons used for food purposes (either milled or consumed fresh). Large commercial end-users and feed mills rely on imported yellow corn to meet requirements. About 500,000 tons of locally produced white corn is delivered to the Ministry of Supply for the production of subsidized baladi bread.

The South Valley Development or "Toshka" project, located in Egypt's far south, aims to irrigate some 500,000 acres of arable arid soil with water from Lake Nasser. Since 1997, the government has been building a massive pumping station and irrigation canals to transport the water for the project. Construction on the project has slowed in the past 3 years, but President Mubarak inaugurated the pumping station in October 2002 and all of its 21 pumping units were installed and tested by the end of 2002. However, few are actually in operation as the water demand for cultivation is still not high. The main canal was completed in 2000. Construction is proceeding on four branch canals of 28 km each, with the first two nearly completed, the third about 50% complete and work on the fourth just begun. Saudi Prince Walid bin Talal's Kingdom Agricultural Development Corporation (KADCO) owns 120,000 acres, to be managed by the U.S. firm Cadiz/Sun World (which has a 10% investment stake in the KADCO project), and is currently doing field tests on a portion of that land. This private sector project's aim is to grow fresh fruits and vegetables for export to Europe in the winter months. No other major investors are yet involved, although several Egyptian government-sponsored entities are doing field tests in the Toshka region.

BEST PROSPECTS FOR AGRICULTURAL GOODS & SERVICES:

**(Value of U.S. Exports, \$Million)
2007-2009**

| | 2007 | 2008 | 2009* |
|----------------------|-------|-------|-------|
| corn | 612 | 604 | 395 |
| wheat | 733 | 634 | 130 |
| soybeans | 166 | 385 | 460 |
| Beef | 76 | 93 | 90 |
| High value products | 70 | 137 | 95 |
| Total US Ag. Exports | 1,827 | 2,085 | 1,400 |

* Estimate

Source: U.S. Bureau of the Census Trade Data, U.S.A.

Principal U.S. Exports to Egypt: wheat, corn, soybeans/meal, vegetable oil and high value products.

Principal U.S. Imports from Egypt: Spices, processed fruit and vegetables, fruit/vegetable juices, and some other high value food products. The U.S. imported about \$56 million in agriculture products from Egypt in 2008 expected to reach \$90 million in 2009.

1. Corn

Egypt is perennially among the top five markets for U.S. corn exports. Most imported corn is used to produce poultry feed, but some is used for industrial uses and starch and glucose production. The U.S. generally has about 75 percent market share. The other main supplier is Argentina, whose prices are competitive during that country's harvest season. While Egypt will remain a key market for U.S. corn, in 2008/09, the Avian Influenza outbreak in the poultry sector is clouding prospects for overall demand growth.

| Corn | 2007/2008 | 2008/09 | 2009/10* |
|-------------------|-----------|---------|----------|
| Production | 6,174 | 6,217 | 6,260 |
| Imports | 4,148 | 4,200 | 4,220 |
| Imports from US | 3,153 | 3,180 | 3,200 |
| Total consumption | 10,399 | 10,568 | 10,620 |

*Forecast

Source: USDA, Foreign Agricultural Service

2. Wheat

While Egypt remains a key market for U.S. wheat, U.S. market share has declined in recent years due to competitive prices offered from "Black Sea" suppliers, particularly for wheat of lower quality grades. Local wheat production still has strategic importance for Egyptians and the government encourages wheat production by paying high prices to local producers (LE 1,800MT in 2008/09), and by encouraging area expansion and the use of high-yielding wheat varieties. GASC, under the Ministry of Industry and Trade, imports wheat to make the heavily subsidized "baladi" bread for low income consumers. In 2009, GASC purchased about 3.5 million tons of locally produced wheat and in some parts of the country mix 80% wheat flour with 20% white corn flour (the white corn is also purchased locally at a price higher than the international market). In any given year, Egypt imports just over half its wheat needs.

| Wheat | 2007/08 | 2008/09 | 2009/10* |
|-------------------|---------|---------|----------|
| Production | 8,275 | 7,883 | 7,864 |
| Imports | 8,310 | 8,320 | 8,325 |
| Imports from US | 2,404 | 2,350 | 2,360 |
| Total Consumption | 16,562 | 15,970 | 15,934 |

*Forecast

Source: USDA, Foreign Agricultural Service

3. Soybeans

Egypt has no significant production of soybeans. Historically, Egypt has imported soybean oil/meal. However, with new soybean crushing capacity, Egypt is expected to purchase more soybeans for local processing rather than importing the two co-products. As the United States competitive position in soybeans is stronger than in soybean meal, U.S. soybean exports are expected to grow, possibly at the expense of meal imports, which usually come primarily from South American suppliers. In the past two years, U.S. soybean sales have grown significantly. Most of the soybean meal produced from processing soybeans is directed to the poultry industry.

| Soybeans | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* |
|-------------------|------|------|------|------|------|-------|-------|-------|-------|
| production | 10 | 12 | 18 | 34 | 35 | 32 | 26 | 27 | 29 |
| Total imports | 349 | 324 | 220 | 850 | 560 | 1,217 | 1,010 | 1,020 | 1,025 |
| Imports from US | 221 | 204 | 112 | 400 | 350 | 675 | 867 | 870 | 800 |
| Total Consumption | 359 | 336 | 238 | 884 | 596 | 1,225 | 1,078 | 1,082 | 1,044 |

*Forecast

Source: USDA, Foreign Agricultural Service

4. Beef

Local production buffalo/beef cattle production covers the bulk of domestic demand, with about 20 percent of consumption met through imports. Average per capita beef consumption is low compared to other countries, so opportunity for significant growth exists. Beef is the

preferred type of meat in Egypt. The U.S. exports a limited amount of high-value cuts to hotels and restaurants; the bulk of U.S. beef exports are beef variety meats, particularly beef liver. Imported beef liver is established as a relatively cheap source of protein. From the end of 2003 until March 2005, there was an import ban on U.S. beef products, which accounts for the negligible U.S. exports shown in the table below. In 2005, however, U.S. sales of variety meats rebounded to \$45 million and reached about \$90 million in 2009. With Egypt's local industry reeling from several disease outbreaks, imports of U.S. beef products are forecast to continue growing in the future.

| Beef | 2007 | 2008 | 2009* |
|-------------------|------|------|-------|
| Production | 365 | 320 | 335 |
| Imports | 250 | 240 | 245 |
| Imports from US | 76 | 93 | 90 |
| Total Consumption | 615 | 560 | 580 |

*Forecast

Source: USDA, Foreign Agricultural Service

5. High Value Products

With an expanding retail sector, changes in lifestyles, and growing incomes, demand for ready-made high-value food products is strong. In addition, growing processing and institutional sectors are opening opportunities for intermediate high-value food products, such as dairy products and nuts. U.S. sales in these areas have grown in recent years, but vast potential still exists.

US Sales of High Value Food Products (USD Millions)

| Products | 2007 | 2008 | 2009** |
|----------------------------|------|------|--------|
| Tree Nuts | 14.3 | 17.0 | 27.0 |
| Dairy Products | 37.8 | 93.6 | 35.0 |
| Fresh Fruit | 8.7 | 14.1 | 13.2 |
| Processed Fruits and Veg. | 1.1 | 3.1 | 4.0 |
| Snack foods | 2.2 | 3.3 | 4.0 |
| Other value added products | 5.9 | 5.9 | 11.8 |
| Total* | 70 | 137 | 95 |

*Excludes Beef

**Forecast

Source: USDA, Foreign Agricultural Service

Please see the Department of Agriculture Foreign Agricultural Service website:

<http://www.fas.usda.gov/country/Egypt/Egypt.asp>

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Chapter 5: Trade Regulations and Standards

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Import Tariffs

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In 2004, the Egyptian government reduced the number of ad valorem tariff bands from 27 to 6, and later down to 5. The government also dismantled tariff inconsistencies, rationalized national sub-headings above the six-digit level of the Harmonized System (HS), and eliminated services fees and import surcharges ranging from 1 percent to 4 percent. The government reduced its 13,000 line tariff structure to less than 6,000 tariff lines. These and other changes have significantly reduced requests for customs arbitration over the past five years.

Over the past three years, Egypt has significantly reduced overall tariff rates. In February 2007, a presidential decree reduced import tariffs on 1,114 items, including foodstuffs, cloth, raw materials, and intermediate and final goods. The government also adopted the World Customs Organization (WCO) HS-2007 for classifying commodities.

In April 2008, Presidential Decree 103 further reduced customs tariffs on several items including processed foods, agricultural goods, paper products, and some durable household goods, and eliminated completely tariffs on steel rebar, cement (portland, aluminous, hydraulic, and white), toilet paper, and similar paper items.

As part of the government's stimulus package in February 2009, Presidential Decree 51/2009 amended the customs tariff schedule for 250 items, lowering import duties on many items and removing entirely duties on some raw materials and capital and intermediate goods such as inputs for spinning and weaving products. While Decree 51 generally lowered tariffs, it increased tariff rates on some basic chemicals, rubber and bamboo manufacturing products, some basic machinery, and medical equipment. The changes in the tariff schedule in Decree 51 have been described by the Egyptian government as temporary stimulus measures, and may be reversed in the future.

The reforms of the past three years reduced overall weighted tariff average from 14.6 percent to 5.5 percent. Tariffs on the vast majority of goods entering Egypt are below 15

percent. Vehicles, alcohol, and tobacco are the only items on which tariffs are still 40 percent or greater. Passenger cars with engines under 1,600 cc are taxed at 40 percent; cars with engines over 1,600 cc at 135 percent. In addition, cars with engines over 2,000 cc are subject to an escalating sales tax of up to 45 percent. Clothing also faces relatively high tariffs, although the 2007 decree reduced the rate from 40 percent to 30 percent.

Significant barriers to the entry of U.S. agricultural products remain, particularly for those of animal origin, and the government still occasionally makes abrupt import regime changes without notification or opportunity for comment. In July 2006, the tariff rate on poultry was reduced from 32 percent to zero, but in March 2007, the government re-imposed the 32 percent tariff. It is permitted to import only whole chickens, yet not parts. There is a 300 percent duty on wine for use in hotels, plus a 40 percent sales tax. The tariff for alcoholic beverages ranges from 1200 percent to 3000 percent.

Foreign movies are subject to duties and import taxes amounting to 46 percent, and are subject to sales taxes and box offices taxes higher than those for domestic films.

Trade Barriers

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SERVICES BARRIERS

General Agreement on Trade in Services (GATS) Commitments

Egypt has restrictions for most services sectors in which it has made General Agreement on Trade in Services (GATS) commitments. These restrictions place a 49 percent limit on foreign equity in construction and transport services. In the computer services sector, larger contributions of foreign equity may be permitted, such as when the Ministry of Communication and Information Technology determines that such services are an integral part of a larger business model and will benefit the country. Egypt restricts companies from employing non-nationals for more than 10 percent of their workforce. Limitations on foreign management also apply to computer-related services (60 percent of top-level management must be Egyptian after three years from the start-up date of the venture). A prohibition on the acquisition of land by foreigners for commercial purposes was amended in 2002 to allow such acquisition under certain circumstances.

Insurance

Foreign firms may own up to 100 percent of Egyptian private insurance firms. Investors acquiring more than a 10 percent stake in an insurance company require approval from the Egyptian Insurance Supervisory Authority (EISA). A 2008 amendment to the insurance law made EISA more autonomous and strengthened its role from administrative regulator to a risk-based and market-sensitive regulator. The amendment also allows foreign property insurance brokers to do business in Egypt for the first time. In an attempt to create a self-regulatory body, the amendment creates a "Union of Insurance Companies" which all companies must join. The union will issue professional standards and have the power to discipline its members. Another key change was the abolition of the "Higher Council for Insurance" which was an unnecessary bureaucratic layer and overburdened the regulatory framework. Other changes include raising the

required minimum issued capital for insurance companies to LE60 million (\$5.57 million) instead of LE30 million (\$5.57 million).

Banking

No foreign bank seeking to establish a new bank in Egypt has been able to obtain a license in the past 20 years, and in November 2009, the Central Bank Governor reaffirmed that no new banks would be given licenses.

Since banking reform began in 2004, the government has divested itself from many joint venture banks, and privatized the fully government-owned Bank of Alexandria in 2006. However, efforts to restructure the remaining three state-owned banks have been mixed, and the Central Bank rejected privatization for the three banks in 2009 on the grounds that market conditions were not right. The three remaining state-owned banks still control at least 40 percent of the banking sector's total assets. The banking reforms in the past five years have succeeded in significantly reducing the share of non-performing loans.

Telecommunications

Despite the passage of a February 2003 law to allow for new telecommunications companies in accords with Egypt's WTO commitments, Telecom Egypt continues to hold a *de facto* monopoly since additional fixed-line licenses have not been issued by the National Telecommunications Regulatory Authority (NTRA). The NTRA postponed a plan to issue a second license in mid-2008, citing a lack of interest in the international markets for fixed-line service. However, in October 2009, the NTRA began accepting local and international bids for licenses to establish so-called "triple play" services of data, voice, and video in private residences, for which greater international market interest exists. The licenses for "triple-play" services are slated to be issued in 2010.

Compared to fixed-line service, mobile phone service in Egypt is a more competitive sector, and three major private companies – Etisalat, Mobinil, and Vodafone – dominate the market.

Transportation

The government is liberalizing maritime and air transportation services. The government's monopoly on maritime transport ended with the passage of Law 1 of 1998, and the private sector now conducts most maritime activities including loading, supplying, ship repair, and, increasingly, container handling. The Port of Alexandria now handles about 60 to 65 percent of Egypt's trade. Renovations underway at the Port of Alexandria, thus far at a cost of about LE 750 million (\$138 million) have increased handling capacity to 44 million tons per year, up from 32 million tons per year in 2004. The renovations included construction of deeper quays to receive larger vessels; re-design of storage areas, warehouses, and associated infrastructure; installation of new fiber optic cables for data transmission; installation of a more automated cargo management system; and renovation of the passenger cruise ship terminal. These renovations have resulted in a smoother flow of goods and services and have, combined with reforms in the Customs Authority, produced a sharp decrease in customs clearance times from three to four weeks in 2004 to about 3-5 days at present for the Port of Alexandria, and just 1 day at the Port of Ain Sukhna. However, when shipments are

required to be approved by the General Organization for Import and Export Control (GOIEC), customs clearance may take between 2 to 20 days, depending on cargo type.

Egypt and the United States concluded an Air Transport Agreement in 1964, and the countries have modified the agreement only twice since then, adding a security article in 1991, and in 1997 adding an amended route schedule, a limited agreement on cooperative marketing arrangements, and a safety article. The agreement remains very restrictive and has no provisions on charter services. In the past, private and foreign air carriers have not been able to operate charter flights to and from Cairo without the approval of the national carrier, Egypt Air. The United States remains interested in replacing the restrictive 1964 agreement with an Open Skies air services agreement. In June 2008, Delta Air Lines resumed operation of non-stop service between Cairo International Airport and New York's John F. Kennedy Airport. Egypt Air joined the Star Alliance in July of 2008 and has entered into a code share agreement with United Airlines.

Egypt is working with the U.S. on transportation security issues at seaports and airports, and a bilateral memorandum of understanding on the Container Security Initiative is expected soon.

Courier and Express Delivery Services

Private courier and express delivery service suppliers seeking to operate in Egypt must receive special authorization from the Egyptian National Postal Organization (ENPO). In addition, although express delivery services constitute a separate for-profit, premium delivery market, private express operators are required to pay ENPO a "postal agency fee" of 10 percent of annual revenue from shipments under 20 kilos. In 2009, the government of Egypt proposed a new contract for private courier and express delivery companies, which would grant ENPO even more extensive regulatory oversight over the private express delivery sector by increasing considerably the fees paid to ENPO and requiring private express delivery companies to receive prior ENPO authorization for their prices and other policies. Given that ENPO is not an independent regulator, there are strong concerns that this new proposed contract will negatively impact competition in the express delivery sector.

Other Services Barriers

Egypt maintains several other barriers to the provision of certain services by U.S. and other foreign firms. Foreign motion pictures are subject to a screen quota, and distributors may import only five prints of any foreign film. According to the Egyptian labor law, foreigners cannot be employed as export and import customs clearance officers, or as tourist guides.

INVESTMENT BARRIERS

Under the 1986 United States-Egypt Bilateral Investment Treaty (BIT), Egypt is committed to maintaining an open investment regime. The BIT requires Egypt to accord national and Most-Favored Nation (MFN) treatment (with certain exceptions) to U.S. investors, to allow investors to make financial transfers freely and promptly, and to adhere to international standards for expropriation and compensation. The BIT also provides for binding international arbitration of certain disputes.

Based on a review of Egypt's investment policies, the OECD has invited Egypt to adhere to the OECD Declaration on International Investment and Multinational Enterprises. Egypt signed the Declaration in 2007, becoming the first Arab and first African country to join. During this process, Egypt agreed to review the restrictions on investors identified in the OECD's 2007 Investment Policy Review of Egypt, such as certain limits in the tourism sector as well as the discriminatory treatment of foreign investors in courier services.

ANTICOMPETITIVE PRACTICES

Under Egyptian competition law, a company holding 25 percent or more market share of a given sector may be subject to investigation if suspected of certain illegal or unfair market practices. The law is implemented by the Egyptian Competition Authority, which reports to the Minister of Trade and Industry. However, the law does not apply to utilities and infrastructure projects, which are regulated by other governmental entities.

In June 2008, Law 3/2005 on Protection of Competition and Prohibition of Monopolistic Practices was amended and passed by the People's Assembly under Law 190/2008. The amendment sets the minimum fine for monopolistic business practices at LE 100,000 (US\$18,380) and the maximum at LE 300 million (US\$55.15 million). It also provides for doubling the penalty in cases where violations are repeated. The first trial under both new laws involved a cement cartel, which was convicted in 2008 and given a fine of LE200 million (\$36.76 million), which was upheld on appeal.

ELECTRONIC COMMERCE

Egypt's Electronic Signature Law 15 of 2004 established the Information Technology Industry Development Agency (ITIDA) to act as the e-signature regulatory authority and to further develop the information technology sector in Egypt. The Ministry of State for Administrative Development (MSAD) is implementing an e-government initiative to increase government efficiency, reduce services provision time, establish new service delivery models, reduce government expenses, and encourage e-procurement. For example, the e-tender portal, established in August 2007, allows all government tenders to be published online. In September 2009, the government implemented the e-signature service, allowing public and private companies to offer e-signature authentication. New legislative proposals on information security, cyber crimes, and the right to information have been in the drafting process for over a year, and it is unclear if they will be implemented.

OTHER BARRIERS

Pharmaceutical Price Controls

The Egyptian government controls prices in the pharmaceutical sector to ensure that drugs are affordable to the public. The government does not have a transparent mechanism for pharmaceutical pricing. The Pharmaceutical Committee in the Ministry of Health and Population reviews prices of various pharmaceutical products and negotiates with companies to adjust prices based on a cost-plus formula. This method, however, does not allow price increases to compensate for inflation and the pricing policy has failed to keep pace with the rising cost of raw materials.

About 85 percent of active pharmaceutical ingredients in Egypt are imported. In 2004, the government reduced customs duties on most imports of pharmaceutical inputs and products from 10 percent to 2 percent. In that same year, the MOHP lifted restrictions on exporting pharmaceuticals to encourage pharmaceutical investment and exports.

Import Requirements and Documentation

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For an imported shipment to be accepted at Customs in Egypt, the shipment must have the following documents:

- **Commercial Invoice**- 2 copies plus the original document are required. Legalization by the Egyptian consulate in the country of origin is required in most cases.
- **Certificate of Origin**- 2 copies plus the original document are required. The Certificate of Origin must be authenticated by the Egyptian consulate in the country of origin. Natural products are considered to originate in the country where the goods are extracted. The Certificate of Origin must bear a statement that the information given is true and correct to the best of the shipper's knowledge.
- **Packing List**- packing list may be required by the consignee and is recommended in most cases.
- **Bill of Lading**- the number of bills of lading required depends upon the carrier. There are no regulations specifying the form or number of bills of lading required for shipment. A bill of lading must show the name of the shipper, the address and the number of bills of lading issued.
- **Pro Forma Invoice**- this is an invoice required by the importer for submission along with the import license. It must show the country where the goods were manufactured.
- **Letter of Credit**- The Central Bank of Egypt in March 1999 advised all banks operating in Egypt that L/Cs must be covered 100% in cash by the importer. This replaced the previous procedure whereby banks and their clients reached their own agreements and covered, usually 10-20% of L/C's value. In general, the exporter may not ship the goods before the Egyptian bank has notified the opening of a L/C. If the goods are shipped before the L/C is opened, the importer runs the risk of being fined up to a maximum of the value of the goods. If the importer does not bear the cost, then the exporter will have lost the value of such a shipment, and in the case of products with a shelf-life, the delay at the customs can mean that even if the exporter (e.g. a U.S. company) wanted to take back the shipment, it's no longer of any use.
- **Content Analysis of the Commodity** – Required for those products that may be subject to standards testing.

MINISTERIAL DECREE 619 OF 1998 - CERTIFICATION OF ORIGIN

Ministerial decrees over the past years has had an impact on U.S. trade with Egypt. Ministerial Decree 619 of 1998 required imports to be accompanied by a certification of origin and stipulated that consumer goods (durable and non-durable) be shipped directly from the country of origin. Decree 619 subsequently was adjusted in late 1999 to allow

the shipment of imported consumer goods from the main branches of the producing company and its distribution centers. Regulations also were implemented to facilitate the ability of firms to meet the requirement for a certificate of origin. This requirement can now be fulfilled with a company invoice noting the country of origin and bearing the endorsement of an Egyptian overseas commercial office. Since May 1999, the Central Bank of Egypt has required 100% coverage for credit lines opened for goods imported by traders for resale purposes.

Egypt no longer requires import licenses for most products, although licenses are still required for some items, such as animal products.

U.S. Export Controls

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Egypt is not subjected to special sanctions (such as those imposed on Sudan and Iran). Nevertheless, there are three aspects of U.S. export control regulations that should be considered in doing business with Egypt.

First, the U.S. has stringent anti-boycott regulations. American companies may not aid or abet the boycott against Israel that the Arab League has had on the books for years. For instance, American companies are not allowed to certify that their products do not come from Israel. If there appears to be any request that might be in support of boycotts, companies should contact the Bureau of Industry and Security (BIS) in the U.S. Department of Commerce at <http://www.bis.doc.gov/index.htm>.

Second, there are numerous companies and individuals that have been blacklisted by the U.S. Government as a result of past violations of export regulations. The BIS has a Denied Persons List and the Office of Foreign Assets Control has a Specially Designated Nationals List. Both of these lists can be checked online to ensure that the prospective business partner has not been blacklisted.

Third, individual items may require specific export licenses. In principle all exports require a license, though in practice the vast majority of our exports fall under a so-called general license that allows export without getting permission from the BIS. For a number of items, a specific license is required. These include products whose high-tech nature implies that export may involve a national security risk.

Again, contacting BIS will enable an exporter to determine whether or not specific items require a license. If a specific license is required, one of the considerations will be the reliability of the end-user. Government agencies and companies with a solid business reputation are more likely to be granted a license.

Temporary Entry

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Temporary Imports

In general, Egyptian customs allows for commercial samples and temporary imports for display purposes at officially recognized exhibitions or for sales promotion activities to enter the country duty free, with the exception of goods that are cited on the list of prohibited imports. Certain conditions do apply, however.

Medical samples must comply with the rules for the importation of pharmaceuticals, and samples of foodstuffs must comply with the relevant health regulations.

In certain cases, goods imported on a temporary basis may be disposed of or sold in Egypt upon payment of the appropriate customs duty plus an extra tax of 10% per month after clearing customs.

On re-exportation of goods imported under temporary import regulations, companies should ensure that correct documentation and return of the letter of guarantee is obtained from the Egyptian Customs in order to avoid claims against the company at a later stage.

Printed advertising materials, such as catalogs, posters, or films, may also be imported duty free in small quantities.

Drawback System

Exporters may also take advantage of the drawback system. This procedure is different from the temporary admission system in that full customs duties are paid on the imported materials and the manufacturer does not fill out a special form with Customs. However, there is a one-year time requirement to re-export these imports as part of a final product in order to have the right to reclaim the full amount of the duties paid as well as other taxes such as the sales tax.

This procedure is cumbersome and refunding may take up to six months for processing. The agencies administering the program are tasked with the responsibilities of determining and then repaying the drawback amount. The Industrial Surveillance Authority carries out the first task, while the Customs Authority carries out the second. A delegate from Customs has to be present during the manufacturing process. To refund the amount paid, several administrative requirements must be satisfied:

- Details, such as quantities and materials used in manufacturing a unit of the exported products, must be provided to enable Customs to calculate the drawback rate;
- Proof of duties paid on the imported quantities must be furnished in order to collect an allowance in the drawback rate for wastage and scrap, quantities of such must be verified.

In addition, the following documents must be provided:

- Customs import release certificate
- Certificate of export of product
- Export permit
- Registered deed of sale from the original importer
- Customs clearance certificate

To speed up the reimbursement process, the Egyptian Government introduced in

October 1999 a new "tax rebate" system, by means of which exporters could be reimbursed according to pre-specified rates for each industry. The tax rebate system currently covers more than half of the major exported commodities.

Labeling and Marking Requirements

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Finished goods that are imported for retail sale must have the product's country of origin, the producer's name and product description in Arabic in a clearly visible place on the packaging. Special regulations exist for some items, including foodstuffs, pharmaceuticals and textiles.

Food imports face a number of burdensome labeling and packaging requirements. Poultry and meat products must be shipped directly from the country of origin to Egypt and sealed in packaging with details in Arabic both inside and outside the package. This requirement raises processing costs and discourages some exporters from competing in the Egyptian market. Appropriate packaging must be provided for food products. These should be clean and odorless, so as preserve the product and prevent damage occurring. Production and expiry dates must be clearly displayed on the product's packaging. The information should be printed in Arabic on the package using indelible type, but stuck on labels will normally be accepted as well.

Production and expiration dates must be clearly shown on the package. Information on the label cannot be easily erased, scratched or altered. Information must be written in Arabic as well, and weights and measures must be shown using the metric system. Dates are accepted in English, but the words "production" and "expiry" must be written in Arabic. The label must include:

- Name and address of manufacturer;
- Brand or trade mark (if applicable);
- Country of origin
- Type of product;
- Name and address of importer;
- Production and expiration dates;
- Product use instructions (optional);
- Ingredients;
- Storage instructions or storage temperature;
- Net weight;
- Gross weight and total number of packages per case or carton;
- If preservatives are being used- percentages of each preservative must be indicated;
- If meat or poultry, the statement that the meat "is slaughtered according to Islamic ritual" or "Halal," must be included; and
- For meat or poultry, all products must be in packaged and sealed bags. Labels must be inserted inside the package as well as on the outside. The label on the meat must include the following:
 - 1) Country of origin
 - 2) Producer's name and logo
 - 3) Name of slaughterhouse
 - 4) Slaughter date

- 5) Name and address of importer
- 6) Name of entity, which issued the “Islamic slaughter” definition.

The above documents must be legalized and endorsed by the Egyptian consulate in the country where the product is originated

Packaging requirements:

Article 74 of the Import and Export regulations stipulates that the package should be fit for preserving the product, and the product should occupy the space of the container in full. If a container is wooden, the container itself should be accompanied by an official certificate that states it is free from wood-harmful pests and insects.

Data that appears on equipment, tools and machinery should be identical to those appearing on the package. The country of origin should be indicated on each item and be non-erasable. They should be accompanied with an Arabic-language catalogue indicating the following:

- An illustrative design of the parts.
- Mode of assembly and operation.
- Maintenance procedures.
- Electrical circuits for electrical equipment.
- Safety measures.

Products prone to rust and corrosion should be painted with a special protective paint. Check that the labeling on the goods conforms to the current Egyptian labeling regulations for the product in question.

Be aware that packaging and import description discrepancies can lead to payment default.

Textile fabric was also subject to costly and complicated labeling requirements. Egypt ended the requirement that the country of origin must be identified in a continuous band along the entire length of the imported fabric. However, imported textiles are subject to quality control examination by a committee made up of members representing the domestic spinning and weaving industries. This group also has some influence with Egyptian Customs in setting the duties that are imposed. The labeling requirement for textile fabric was canceled while labeling requirements for imported garments mandate basic information on tags similar to foreign garments. In addition, fabrics are no longer subject to testing, and measures requiring that apparel labels be written in Arabic to include importer information were eliminated. Egypt also committed to expedite the customs clearance process for apparel and textile imports.

Prohibited and Restricted Imports

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Egypt lifted its ban on apparel imports on January 1, 2002, replacing it with excessive specific rate duties. In January 2004, the Egyptian Government issued a decree

replacing these specific-rate duties with ad valorem (percentage of value) tariffs consistent with Egypt's commitments to the WTO.

In 1998, Egypt issued a decree stipulating that passenger vehicles can only be imported during their year of manufacture, effectively banning the importation of second-hand cars. In 2000, the decree was amended adding one year after the year of production to the period during which passenger vehicles can be imported. In November of 2005 the Minister of Trade and Industry issued a decree lifting the regulation restricting the import of cars from the country of origin. Egyptian regulations allow foreign investors to import a vehicle duty-free for their private use in the year of manufacture, provided that approval is obtained from the Chairman of the General Authority for Investments and Free Zones (GAFI).

In February 2005, Egypt lifted its ban on beef with a fat content greater than 7 percent. In March, 2005, it lifted its BSE ("mad cow disease") ban on U.S. beef imports, but only de-boned U.S. beef is allowed entry. U.S. live dairy cattle are allowed but feeder cattle are still banned. The ban on imports of live cows, meat and its products, from most European countries remains active. However, in September 2006, Egypt approved imports of live male slaughter beef from Moldova, Ukraine, Hungary and Romania. Most of the imported beef come from India, Brazil, New Zealand, and Australia.

Egypt continues to block imports of U.S. poultry products. The Ministry of Agriculture (MOA) requires that officials be present to observe the slaughter process at U.S. plants to ensure Halal requirements are fulfilled. Beef liver comes from the USA, Brazil, and India. However, the U.S. imported quantities of beef liver are small and not meeting the local demand.

The Egyptian Ministry of Health prohibits the import of natural products, vitamins, and food supplements in their finished form. These items may be marketed in Egypt only through local manufacture under license, or by sending ingredients and premixes to a local pharmaceutical firm to be prepared and packed in accordance with Ministry of Health specifications. Only local factories are allowed to produce food supplements, and to import raw materials used in the manufacturing process.

With the USAID assistance, the National Food Safety Management Unit (NFSMU) has been formed and started operation. The Ministry of Health, Agriculture, and Trade and Industry are represented in the NFSM. It is the equivalent of the U.S. FDA. The Egyptian Parliament will give final approval to this project in its new round that started in November 2009.

The Nutrition Institute and the Drug Planning and Policy Center of the Ministry of Health register and approve all nutritional supplements and dietary foods. It takes from four months to one year for approval. Importers must apply for a license for dietary products. The validity period of the license varies from 1 to 5 years depending on the product. After the expiration date of the license, the importer must submit a new request for license renewal. License renewal costs about \$500. However, if a similar local dietary product is available in the market, registration for an imported product will not be approved.

The Ministry of Health (MOH) banned the importation of used and refurbished medical equipment and supplies to Egypt. The ban does not differentiate between the most

complex computer-based imaging equipment and the most basic of supplies. At present, even new medical equipment must be tested in the country of origin and proven safe before it will be approved for importation into Egypt. The importer must submit a form requesting the MOH's approval to import medical equipment. The importer will also provide a certificate issued by official health authorities in the country of origin, indicating that the medical equipment, subject to importation, is safely used there.

The importer must also present an original certificate from the manufacturer indicating the production year of the equipment, and that the equipment is new. In addition, the importer must present a certificate of approval from the FDA or the European Bureau of Standards. The importer must prove it has a service center to provide after sales support for the imported medical equipment, including spare parts and technical maintenance. The MOH's technical committee examines and reviews the technical specifications of the equipment before granting approval for import. These regulations also apply to donated medical equipment.

In 2009, a ministerial decree was issued to cancel the obligation of pharmaceutical companies to obtain prior approval of the Minister of Health, in case of transferring the pharmaceutical preparation registered by a license from a foreign company to the other.

Customs Regulations and Contact Information

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Egypt has joined the International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto Convention) according to the presidential decree 334 for 2007. The accession process was ratified by the Egyptian parliament in December 2007. Joining the convention would align Egypt's customs procedures with those of the World Customs Organization standard. According to the Customs Authority, the convention is considered an instrument for the harmonization of customs techniques, which covers aspects of customs legislation. It also aims at ensuring that customs systems and processes are not barriers to international trade and growth. The Customs Authority is actively taking measures to implement the convention.

The GOE established an Account Management System to streamline and facilitate the customs treatment of large importers. (The GOE has also established a Large Taxpayer Center to provide similar services for large sales and income tax payers.) Two model customs centers which offer simplified procedures were opened in Alexandria and Suez in 2005, in addition to one in Damietta. Other centers were inaugurated.

Tariff valuation is based on either the worldwide price list received annually from foreign producers/distributors, or if that is not available, they take the highest price available in the local market. In cases where customs officials suspect under-invoicing, they usually add from 10% to 30% (called improvement percentage) to the invoice value. Importers have the right to take legal action against the Customs Authority in the event of a dispute regarding appropriate valuation, including arbitration that takes fifteen days or more. During that time, the disputed shipments are withheld and the importer has to pay fees as deposit until arbitration is over.

The Egyptian Government has established a "white list" of importers who, under some conditions, are able to avoid full inspection of their shipments.

The ability to fulfill local content requirements is no longer required to obtain an approval to set up an assembly project. However, assembly industries must meet a minimum local content requirement of 45% in order to benefit from customs tariff reductions on imported industrial inputs.

Current importing regulations require that every component of a product be inspected, regardless of the compliance history of the product, country of origin, exporter, shipper or the importer. No import can be put up for direct sale on the Egyptian market without first proving that it conforms to Egyptian standards, if it is on the mandatory list. If there are no Egyptian standards that suit the imported product, then it must be defined using the standards of one of the international organizations that Egypt is affiliated with e.g. ISO, IEC, and Codex Alimentarius. On arrival of a shipment to the Egyptian ports, the process that takes place is as follows:

1. A committee from the Customs and Security office checks the shipment for security reasons and determines whether there are any illegal products.
2. The importer presents Customs with the documentation required to clear the shipment.

After reviewing these documents, Customs either clears the shipments for release to the importer directly or directs the consignment to other bodies for testing and inspection. Custom duties are then assigned and are paid in Egyptian pounds.

Standards

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Overview

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Standardization's official application in Egypt started in 1957, when presidential decree number 29/1957 established the Egyptian Organization for Standardization (EOS).

Of Egypt's 8,500 standards, 543 are Egyptian technical regulations or mandatory standards. EOS reports that it has harmonized mandatory standards with international standards and that about 80 percent of its mandatory standards are based on standards issued by international institutions such as the Geneva-based International Organization for Standardization. In the absence of a mandatory Egyptian standard, Ministerial Decree Number 180/1996 allows importers to choose a relevant standard from seven international systems including ISO, European, American, Japanese, British, German, and for food, Codex standards

Most of these specifications are optional except for those related to general health, public security, and consumer protection. A ministerial decision issued by the Ministry of Trade and Industry is needed to require compliance to these specifications. Obligatory standards constitute around 15 percent of the total number of Egyptian specifications.

Standards Organizations

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There are three main official Egyptian governmental organizations involved in developing and enforcing the standards used and applied in Egypt. They are:

Egyptian Organization for Standards and Quality Control (EOS):

The EOS was established in 1957 and is affiliated with the Ministry of Trade and Industry and issues standards and technical regulations through a consultative process with other ministries and the private sector. Verification of compliance with standards and technical regulations is the responsibility of agencies including the Ministry of Health, the Ministry of Agriculture and, for imported goods, the General Organization for Import Export Control (GOEIC) in the Ministry of Trade and Industry.

General Authority of Export and Import Control (GOEIC):

GOIEC is affiliated to the Ministry of Trade and Industry. GOIEC currently has 22 offices and laboratories located at all the major sea and airports for import inspection as well as 11 others located throughout the country for export inspection. GOIEC has the responsibility for testing imported and exported products to ensure they meet the stipulations of EOS standards. Moreover, GOEIC may also indirectly generate standards through the use of an "*ad hoc*" technical committee. This committee provides recommendations for either creating or modifying a standard accordingly, and these recommendations are then passed on to the Ministry of Trade and Industry to be authorized and formalized. Similarly, GOEIC also tests products for consumer protection against economic fraud and deceptive practices- not solely for quality purposes. A 1999 Presidential Decree assigned GOIEC as the coordinator for all import inspections.

In 2005, new import/export regulations increased transparency and liberalized procedures to facilitate trade. The new regulations reduced the number of imported goods subject to inspection by GOEIC and allowed importers to use certifications of conformity from any internationally accredited laboratory inside or outside of Egypt for those goods still subject to inspection by GOEIC.

The National Institute for Standards (NIS):

NIS is affiliated with the Ministry of Higher Education and Scientific Research. NIS is Egypt's primary standards laboratory. NIS is mostly concerned with measurements, testing, calibration, accreditation and consultation, and it also provides laboratory accreditation services.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

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For an imported shipment to be accepted at customs in Egypt, the shipment must have the following documents: Commercial Invoice, Certificate of Origin, Packing List, Bill of Lading, Pro Forma Invoice, and Letter of Credit.

The current import regulations require that every component of a product be inspected, regardless of the compliance history of the product, country of origin, exporter, shipper, or importer. All products that fall under the category of obligatory standards cannot be put up for direct sale on the Egyptian market without first conforming to Egyptian specifications. If there are no Egyptian standards that suit the imported product then it must be defined using the standards of one of the international organizations that Egypt is affiliated with e.g. ISO, IEC, and Codex Alimentarius. On arrival of a shipment to the Egyptian ports, the process that takes place is as follows:

1. A committee from both the customs and security bodies checks the shipment for security reasons and for any illegal imports.
2. The importer presents the customs officials with the documentation required to clear the shipment.
3. After reviewing these documents, customs either clears the shipments for release to the importer directly or directs the consignment to other bodies, usually the GOIEC for testing and inspection. Customs duties are then assigned, and are paid in Egyptian pounds.

A problem that often takes place at customs is the process of what can be called "standard creation at port." When a new product enters the country that has not previously been imported, customs officials will often insist that there must be a written description or standard to qualify a product for import. Hence, even if there is no such standard for the new product, the customs inspectors will try to fit the product into a previously existing standards category. The EOS often tries to apply the same standards to products that seem to be "historically" common in nature.

Inspection and testing of the imported goods will differ according to the nature of the consignment. Agricultural products for example, are sent to special agricultural authorities for detailed chemical inspection in the Ministry of Agriculture. Industrial and manufactured commodities may be directed for control at the Ministry of Industry and Trade. Some medical products, for example, will be directed to the Ministry of Health, EOS and other accredited laboratories. Since the establishment of GOIEC, it is

mandatory that a sample be sent to the institute, most of the time for the sole purpose of classifying of the product according to HS codes. This process is a vital procedure in many cases where customs is unsure about product classification and tariffs due. Therefore, a number of different bodies legally have the rights to take samples of the imported shipment for further inspection and testing.

A large number of items are repeatedly imported into Egypt. Previous rules specified that every shipment must be tested to verify its conformity to standards requirements, irrespective of whether the preceding shipments were accepted or rejected, meaning inspection and testing must be repeated each time. The EOS has recently used past history of products, manufacturers, exporters and importers for clearing imported goods. When the product is first imported, it has to go through full inspection. If it is imported frequently within a year and each time all inspection procedures are cleared, then the product has a history file leading to reduced inspection afterwards. The exporter gains accreditation the more shipments are imported into Egypt.

Product Certification

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The Egyptian Quality Mark scheme is based on the international standards listed in the ISO/IEC Guide 28/1982.

Presidential Decree No. 392/1979 stipulates that EOS is the national authority in the Arab Republic of Egypt to grant licenses permitting the application of the quality to industrial goods and products. Such licenses are only available for domestically produced goods, since acquiring such a quality mark involves not only the testing of the product, but also the inspection of the whole production line, similar to ISO accreditation. Hence, it is not viable for imported products, since inspection of the actual production company will have to take place.

In 1996, a Ministerial Decree No. 180 stated that all imports must abide by Egyptian product standards. In the case where there are no Egyptian standards that fit in with a specific imported product then the international standards listed below, in order of precedence, are acceptable:

- International Standards- ISO/IEC
- European Standards (EN)- if there are none, then British Standards (BS), German (DIN), French (NF) standards are applied
- American Standards (ANS)
- Japanese Standards (JIS)
- Codex Standards for food products.

In the absence of an Egyptian or international standard, authorities often will refer to the Analysis Certificate accompanying the product.

Certification:

All certificates issued concerning the shipment's details, must be countersigned by the Chamber of Commerce and notarized by the Egyptian Embassy or Consulate in the country of origin.

Accreditation

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Presidential Decree 312/1996 established the Egyptian Accreditation Council (EGAC), a governmental organization, as the sole national body for the assessment and accreditation of conformity assessment bodies performing testing/ calibration Laboratories, inspection and certification of products & systems as well as personnel. EGAC is headed by the Minister of Trade & Industry and governed by a board of 14 members, representing all stakeholders and concerned bodies. EGAC has contracted with UKAS of the United Kingdom who provides technical assistance.

EGAC/UKAS joint accreditation will be practiced for a transition period. The accreditation activity is to be carried out according to the relevant international requirements (ISO/IES guides 58,61,62,65 and 66 as well as ISO/IEC TR 17010 and 17020). Accreditation activity covers: product certification, system certifiers, inspection bodies, and testing and calibration laboratories and personnel certifiers.

Publication of Technical Regulations

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The Egyptian Accreditation Council (EGAC) is currently publishing a directory for all the companies that have been accredited for ISO 9000 or ISO 14000 certificates.

The EOS library is the only library in Egypt specializing in the field of Standard Specifications and its related publications.

The library has more than 160,000 standard specifications in the form of complete groups; among these are 5000 Egyptian standards, and standards groups of more than 30 countries and regional and international organizations such as ISO, IEC, CODEX, and AIDMO as well as foreign standardization organizations. The library has also a large collection of catalogues, specification guides, bulletins, and magazines in the field of Standardization and its related activities alongside some references, books, and specialized dictionaries.

Packaging requirements:

Article 74 of the Import and Export regulations stipulates that the package should be fit for preserving the product, and the product should occupy the space of the container in full. If a container is wooden, the container itself should be accompanied by an official certificate that states it is free from wood-harmful pests and insects.

Multiple product samples:

Sampling and inspection duties are mainly carried out by the GOEIC, however, some products may be subject to inspection by other concerned institutions. GOIEC has been authorized to assume inspection and certification functions without referral to any higher authority, but for the food industry, for example, there are 3-4 bodies involved that have the right to take samples from any imported shipment. They are:

- The Radiation Department of the Ministry of Energy and Electricity
- The Ministry of Health
- The Ministry of Agriculture (Veterinary Office)
- The Ministry of Trade and Industry (Export and Import Control)

Each agency draws its own sample and tests it independently.

Shelf-life standards and product specifications:

In 1994, the government issued a decree that all food products should have at least 50% of the established shelf life remaining at the time of importation into Egypt. Moreover, Egypt applies shelf life standards to certain non-food imports such as syringes and catheters. Milk and dairy products, meat and products, fish and products, and poultry and products, each have a shelf life determined by EOS. Exporters to Egypt must be aware that import and custom procedures take a period of no less than 2 weeks; hence, expiration dates must be at least twice that length of time.

Contacts

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Egyptian Organization for Standardization and Quality
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Website: www.eos.org.eg

General Authority of Export and Import Control (GOEIC):
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Email: Hend.El-Sineity@mail.doc.gov
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Trade Agreements

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Egypt is involved globally in several intra and inter-regional trade agreements, both multilateral and unilateral, including preferential trade agreements with the E.U., the U.S., Arab, African and European countries, some of which are:

- The General Agreement on Tariffs and Trade (GATT);
- The General Agreement on Trade in Services (GATS);
- Egyptian-European Mediterranean Partnership Agreement;
- The Common Market for Eastern and Southern Africa (COMESA);
- Trade and Investment Framework Agreement (TIFA);
- Pan Arab Free Trade Area (PAFTA);
- Free Trade Agreement between Egypt and Turkey, signed in 2005.

Moreover, Egypt has signed several bilateral agreements with Arab Countries: Jordan (December 1999), Lebanon (March 1999), Libya (January 1991), Morocco (April 1999), Syria (December 1991), Tunisia (March 1999). Additionally, in 1995, Egypt and China entered into a trade accord. Egypt also signed an economic treaty with Russia.

Web Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg/>

U.S. Embassy: <http://cairo.usembassy.gov/>

U.S. Department of Commerce, Bureau of Industry and Security:

<http://www.bis.doc.gov/index.htm>

U.S. Department of Commerce's Denied Persons List:

<http://www.bis.doc.gov/dpl/Default.shtm>

U.S. Department of Treasury's Specially Designated Nationals List:

<http://www.treas.gov/offices/enforcement/ofac/sdn/>

Egyptian Organization for Standards and Quality Control (EOS): <http://www.eos.org.eg/>

Ministry of Foreign Trade and Industry: <http://www.mfti.gov.eg/>

Egyptian Accreditation Council: <http://www.egac.gov.eg/>

Egypt's National Institute of Standards: <http://www.nis.sci.eg>

Central Bank of Egypt: <http://www.cbe.org.eg/>

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Openness to Foreign Investment

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The Egyptian government has made increasing foreign investment a major goal of its economic reform program and strategy for fostering private sector-driven growth. Egypt faces a significant challenge in improving living standards and increasing employment opportunities for its growing population. The Ministry of Investment (MOI) was established in 2004 and handles privatization of state-owned enterprises (except for banks, which are handled by the Central Bank) and oversees various regulatory agencies with investment-related areas of responsibility including the General Authority for Free Zones and Investment (GAFI) and the new Financial Supervisory Authority (EFSA) which regulates all non-banking financial activities and institutions.

Key Laws Governing Foreign Investment:

Investment Incentives Law 8 of 1997: This law was designed to encourage domestic and foreign investment in targeted economic sectors and to promote decentralization of industry from the crowded Nile Valley area. The law and its executive regulations and amendments provide over 20 investment incentives. The law allows 100 percent foreign ownership of investment projects and guarantees the right to remit income earned in Egypt and to repatriate capital. Other key provisions include: guarantees against confiscation, sequestration, and nationalization; the right to own land; the right to maintain foreign-currency bank accounts; freedom from administrative attachment; the right to repatriate capital and profits; and equal treatment regardless of nationality.

The Income Tax Law enacted in June 2005 (Law 91/2005) eliminated some of the incentives in the Investment Incentive Law, namely all corporate tax exemptions and tax holidays that the latter law had authorized for newly established companies. The 2005 tax law also repealed tax deductions extended to companies listed on the stock

exchange. The tax incentives were not eliminated retroactively, however, so all existing companies will continue to receive their tax incentives until the end of the period stipulated when the company was established. Law 8 incentives for agricultural activities including reclamation, cultivation, irrigation, animal breeding, bee-hiving and fish farming were not removed by the Income Tax Law.

Under the Investment Incentives Law, qualifying investments in various fields are assured approval, effectively creating a "positive list." These fields include land reclamation; fish, poultry, and animal production; industry and mining; tourism (covering hotels, motels, tourist villages, and transportation); maritime transportation; refrigerated transportation for agricultural products and processed food; air transportation and related services; housing; real estate development; oil-related related services; hospitals and medical centers that offer 10 percent of their services free of charge; water pumping stations; venture capital; computer software production; projects financed by the Social Fund for Development; and leasing. Projects in certain fields, however, still require special approval (generally security clearance) from relevant ministries. Such projects include: any investments in the Sinai and any investments related to military production and related industries.

Procedures for obtaining approval to establish new companies are becoming simpler and waiting times shorter than in the past. GAFI's "One-stop-shop" brings together all the government ministries needed for establishment of a new investment and provides after-care services for existing companies. The One-stop-shop reportedly processes approvals for new investments on average within 72 hours. The approval system is computerized and in some instances regulations enable a company to begin operating pending security clearance. While not a legal requirement, in practice all proposed foreign investments are scrutinized by the security services, which has in the past caused significant delays in the approval process.

Law 94 of 2005 amended the Investment Incentives Law and made companies incorporated under the Investment Incentives Law subject to the relatively simpler incorporation provisions of the Companies Law 3 of 1998 (see below). Further, Law 94 limited the authority of the board of directors of each Public Free Zone (see below) to issuance of preliminary approvals for projects to be established in the free zone, with the final approval issued by GAFI.

Decree No. 719 for 2007 by the Ministers of Trade and Industry and Finance provides further incentives for industrial projects in the governorates of Upper Egypt (Upper Egypt refers to governorates in southern Egypt). The decree provides an incentive of 15,000 Egyptian Pounds (the Pound or LE) for each job opportunity created by the project, on the condition that the investment costs of the project exceed LE 15 million. The decree can be implemented on both new and on-going projects.

Companies Law 159 of 1981: This law applies to domestic and foreign investment in sectors not covered by the Investment Incentives Law, whether shareholder, joint stock, or limited liability companies, representative offices, or branch offices. The law permits automatic company registration upon presentation of an application to GAFI, with some exceptions. These exceptions include companies whose founders have failed to comply with procedures and laws in the past, as well as companies whose founders have demonstrated insufficient qualifications to operate a business. The law does provide a right to petition a denial of incorporation. It also removes a previous legal requirement

that at least 49 percent of shareholders be Egyptian; allows 100 percent foreign representation on the board of directors; and strengthens accounting standards. Founders of joint stock and limited liability companies must submit a bank certificate to GAFI showing that 10 percent of the company's issued capital has been paid in.

Law 94 of 2005 (mentioned above) also amended some of the provisions of the Companies Law. It removed restrictions on board members representing other board members by proxy in board of directors meetings and made it possible for a board of directors to be formed of an even number of members. Law 94 also added a provision stipulating that companies operating in the Sinai do not acquire legal persona unless approved by a decree from the chairman of GAFI. It also granted companies established under the Companies Law or the Commercial Law certain incentives under the Investment Incentives Law, including protection from nationalization, imposition of obligatory pricing and cancellation or suspension of licenses to use immovable property. It also granted companies the right to own real estate required for their activities and the right to import raw materials, machinery, spare parts and transportation methods without being required to register at the Importers Register.

Other laws governing foreign investment:

Land/Real Estate Law 15 of 1963: This law explicitly prohibits foreign individual or corporate ownership of agricultural land (defined as traditional agricultural land in the Nile Valley, Delta and Oases). Prime Ministerial Decree No. 548 for 2005 removed restrictions on foreign property ownership in a number of tourist and new urban areas, namely the Red Sea coast, including the beach resort of Hurghada, the Mediterranean beach resort Sidi Abdel-Rahman and Ras Al-Hekma, also on the Mediterranean in Matrouh Governorate. Foreign individuals are still, however, limited to ownership of a maximum of two residences in Egypt. Companies/citizens of other Arab countries have customarily received national treatment in this area.

Public Enterprise Law 203 of 1991: Egypt has an ongoing privatization program under the Public Enterprise Law for the sale of several hundred wholly or partially state-owned enterprises and all public shares of at least 660 joint venture companies (joint venture defined as mixed state and private ownership, whether foreign or domestic). The law permits sales to foreign entities. Law 203 was amended in 1998 to allow the general assemblies of the public holding companies that manage public enterprises in a particular sector to accept bids below the initial reserve price. Although the amendment allows sales below the reserve price, very few assets have been sold below the reserve price since 1998. The Egyptian government has expressed a desire to privatize some public enterprises, authorized for sale under the Public Enterprise Law 203, but have not released final details on how this would move forward.

MOI has made enterprises in all sectors subject to privatization, and has sold entities in the construction, petrochemical, telecoms and chemicals sectors, all previously considered "strategic" sectors and therefore not part of the privatization program. Several of these companies have been sold to foreign investors, who are treated equally to local investors in the privatization process. Crude oil and natural gas production companies remain subject to a strict 49 percent limitation on foreign ownership. MOI has also opened the privatization program to include services and some public utilities. Some infrastructure areas, including ports and airports, power generation, and cellular phone networks have also been opened to private investors on a build-own-operate-

transfer (BOOT) basis. Foreign companies have won major BOOT tenders in power generation and airport and maritime port construction. The new Upper Egypt – Red Sea road is a typical case of BOOT, under the new government PPP initiative. However, as of early January 2010, this project still did not include any foreign investors.

A variety of privatization methods are currently in use by MOI, including asset unbundling and leasing with options to buy. Incentives, including five-year tax exemptions (notwithstanding the 2005 tax law) and the removal of real estate value from company valuations, were provided for the sale of 10 distressed or loss-making companies between fiscal years 2005 and 2009, and the last company sold was Alex Sodium Carbonate at the end of 2008. In other cases of distressed companies, the MOI used some financial restructuring or other sale category such as minority stake or the selling of some assets.

MOI is also restructuring public enterprises that are facing difficulties in remaining afloat. The restructuring is tailored individually to lead to sale of the enterprises in the medium to long-term. Additional incentives have been used to make public enterprises more attractive to investors, including allowing the transfer of excess and idle assets, some working capital items, and liabilities to the public holding companies responsible for public entities in a particular sector. The MOI used financial restructuring to resettle the debts of some companies. In fiscal year 2008, about LE 20 billion (about \$3.6 billion) of debt settlements took place. As of January 2010, the MOI was in its final phase of debt settlement. Bidding criteria for privatizations are generally clear and transparent.

Investors have traditionally identified valuation and commitment, as reflected in the pace of execution of deals, as the two primary obstacles to effective privatization in Egypt. While the government's commitment and the pace at which it has concluded privatizations have increased markedly since MOI took responsibility for the program, privatization remains controversial in Egypt. Starting in mid-2006, concerns were raised about potential price and supply problems in various industries under consideration for privatization, such as sugar and pharmaceuticals. Political opposition and pressure to slow the privatization program reached a head with outcry from parliament, the media and the public over sale in 2007 of the department store Omar Effendi to a Saudi investor. Accusations of undervaluation of the store's assets resulted in parliamentary investigations, which affirmed that there was no evidence of wrongdoing. Despite the flap over Omar Effendi, the government has proceeded with plans to privatize some major assets. The government has made financial sector reform one of its top priorities and the privatization and/or reorganization of some of those companies have been successful.

Capital Market Law 95 of 1992: This law and its amendments and regulations govern Egypt's capital markets. In 1998, the government made significant amendments and changes to the law to strengthen stock market regulations against fraud, price manipulation, and insider trading. Foreign investors can buy shares on the Egyptian Stock Exchange (the ESE, formerly the Cairo and Alexandria Stock Exchange (CASE)) on the same basis as local investors. In April 2006, CASE announced new membership rules for brokerage firms, including an increase in their capital requirement from LE 250,000 to LE 5 million. In October 2005, the Capital Markets Authority (now part of the EFSA) announced that it would allow same-day trading on the Egyptian stock market. As of November 2009, 34 brokerage firms have licenses for same-day or intra-day trading.

In July 2007, the Capital Market Authority (now part of the EFSA), the capital markets regulator, amended existing regulations to speed up the process of listing new shares of companies on the stock market. The regulations stipulate that the primary source of a company's profitability should be income from continuing operations, while net profit for the last fiscal year before listing should exceed 5 percent of the company's capital. The CMA issued a decree in September 2007 to modify the capital adequacy criteria for securities intermediation companies to enhance management of market, settlement, liquidity, operational and credit risks.

In June 2008, the People's Assembly ratified Law No. 123/2008, amending certain parts of the Capital Market Law. The amendments provide local and foreign institutions with opportunities to issue bonds and also lower the minimum per value of shares to LE 0.10 from LE 1.00. The amendments also strengthen the administrative role of the CMA (now part of the EFSA) by increasing its authority to maintain market integrity, enforce standards of fairness and transparency, regulate prices and prevent information exploitation.

Also in 2008, Egypt's Small and Medium Enterprise stock exchange, called the NileX, began operating. It is designed for companies with capital of less than 2.5 billion Egyptian pounds. The auditing and disclosure requirements are also less burdensome than on the ESE.

Maritime Law 1 of 1998: This law amended the General Egyptian Maritime Organization Law 12 of 1964. The Maritime Law permits the private sector, including foreign investors, to conduct most maritime transport activities, including loading, supplying, and ship repair.

Electricity Law 18 of 1998: This law amended Law 12 of 1996 to allow the government to sell minority shares of electricity distribution companies to private shareholders, both domestic and foreign. A draft electricity law expected to be enacted in 2010 will further open electricity generation and distribution to the private sector.

Tenders Law 89 of 1998: This law amended the Tenders and Bidding Law 9 of 1983 governing foreign companies' bids on public tenders. It required the government to consider both price and best value in awarding contracts and to issue an explanation for refusal of a bid. However, the law retained preferences for Egyptian domestic contractors, who are accorded priority if their bids do not exceed the lowest foreign bid by more than 15 percent. The law was amended in mid-2006, requiring contracting government entities to acknowledge price fluctuations in the first year of the contract or increases or decreases in cost, and to compensate contractors where necessary. In June 2008, another amendment was ratified by parliament requiring a revision of the value of contracts every three months for contracts having durations longer than six months.

Insurance Law 156 of 1998: This law amended Law 91 of 1995, removing a 49 percent ceiling on foreign ownership of insurance companies, authorizing privatization of state-owned insurance companies, and abolishing a ban on foreign nationals serving as corporate officers. Law No. 118, issued in May 2008, amended certain articles of Law 10 of 1981. The amendments lifted the ban on operation of foreign insurance intermediaries in Egypt and increased the minimum capital level for insurance

companies from LE 30 million to LE 60 million and allowed the Egyptian Insurance Regulatory Agency (EISA) greater independent control over its budget. Executive regulations for this decree have not been issued yet.

Commercial Law 17 of 1999: This law has more than 700 articles covering general commerce, commercial contracts, banking transactions, commercial papers (including checks), and bankruptcy.

Central Securities Depository and Registry Law 93 of 2000: This law allows bookkeepers and companies dealing in central depository instruments to dematerialize shares (i.e. replace physical entries for securities to book entries).

Special Economic Zones Law 83 of 2002: This law authorized establishment of special zones for industrial, agricultural, and service activities that are mainly export-oriented. Firms operating in these zones enjoy incentives and facilities designed to encourage increased local and foreign investment in export-producing sectors.

Telecommunications Law 10 of 2003: This law stipulated that Telecom Egypt (TE) would relinquish its monopoly status as Egypt's sole domestic fixed-line operator and sole international operator by January 2006 and provided for greater flexibility in selling shares of TE through public offerings. Although the government did not meet the January 2006 deadline, the Ministry of Communications and Information Technology (MCIT) announced that the license for a second fixed-line operator would be sold by auction in September 2008. The National Telecommunications Regulatory Agency (NTRA) blamed the delay on continuing negotiation over interconnection agreements and tumultuous global markets. The NTRA said the deferment would give the regulator more time to lay the foundations for a fixed-to-mobile interconnection agreement. As of January 2010, the MCIT had still not issued a license for a second fixed-line operator and blamed the delay on the world economic crisis. The MCIT refuses to set a date or conditions by which they plan to issue a second fixed-line license.

Banking Law 88 of 2003: This law replaced a number of laws regulating the Central Bank of Egypt, the banking sector, foreign exchange, account secrecy, and privatization of public sector banks. The law strengthened prudential banking regulations, raised minimum capital requirements for banks and foreign exchange bureaus, and re-affirmed the government's authority to privatize public sector banks.

Informal Barriers: While the Nazif government has taken significant steps to attract foreign investment, certain informal barriers still exist. Foreigners may function as commercial agents, but are prohibited from acting as importers for trading purposes. A foreign company wishing to import for trading purpose must do so through an Egyptian importer. In the banking sector, the Central Bank has not issued a new commercial banking license in almost 20 years. In practice, the only way for a new bank, whether foreign or local, to enter the market (except as a representative office) is to purchase an existing bank. As part of a plan to restructure the banking sector, the government has sold shares in several joint venture banks to foreign banking entities since 2004. The first public bank to be fully privatized was Bank of Alexandria, which was sold to a foreign banking entity, Sanpaolo Intesa of Italy in October 2006. In 2009, the Central Bank announced that it had no plans to privatize the three remaining state-owned banks (Banque Misr, Banque du Caire, the National Bank of Egypt), citing poor market conditions. The three banks control at least 40 percent of the banking sector's assets.

In the insurance sector, the government has stated that it will not issue licenses for new insurance companies, in order to focus investor attention on privatization of the existing firms. Therefore, as in the banking sector, foreign firms can only enter the Egyptian insurance market through purchase of shares in existing insurance firms. In 2006-07, MOI began restructuring the public insurance companies in preparation for privatization. In September 2007, the companies were merged and placed under an insurance holding company, and real estate assets were stripped out of the companies and transferred to a newly established affiliate, Misr for Real Estate. A foreign consultant was helping the holding company to prepare a prospectus, and the MOI took some of the consultant's recommendations into considerations, but there have been no significant events in this regard since 2007.

The Egyptian government controls prices in the pharmaceutical sector to ensure that drugs are affordable to the public. The government does not have a transparent mechanism for pharmaceutical pricing. The Pharmaceutical Committee in the Ministry of Health and Population reviews prices of various pharmaceutical products and negotiates with companies to adjust prices based on a cost-plus formula. This method, however, does not allow price increases to compensate for inflation and the pricing policy has failed to keep pace with the rising cost of raw materials. In 2007, the government granted price increases for selected pharmaceutical products, but the approved increases were minimal.

About 85 percent of active pharmaceutical ingredients in Egypt are imported. In 2004, the government reduced customs duties on most imports of pharmaceutical inputs and products from 10 percent to 2 percent. In that same year, the MOHP lifted restrictions on exporting pharmaceuticals to encourage pharmaceutical investment and exports.

Other obstacles to investment include excessive bureaucracy, a shortage of skilled mid-level managers, limited access to credit, slow and cumbersome customs procedures in some areas, and non-tariff trade barriers. The Egyptian judicial system, which generally upholds the sanctity of contracts, is extremely slow and can take several years to process cases. The judicial system is also subject, in some cases, to political influence.

In April 2008, the government stopped construction of a fertilizer plant after the Canadian company Agrium invested \$280 million and four years of planning in the plant. While local activists raised environmental concerns about its location along the Mediterranean coast, Agrium noted that it was adjacent to other industrial plants. Agrium agreed to sell its stake in the plant in September 2008 to a state-owned firm, which does not plan to resume construction. Egypt's reputation as an attractive location for foreign direct investment (FDI) risked being affected because of the dispute.

Conversion and Transfer Policies

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Egyptian law allows individuals and businesses to conduct all normal foreign exchange transactions, including establishing foreign exchange accounts and transferring foreign exchange in and out of Egypt. Authorized banks may provide the full range of foreign exchange transactions, including accepting deposits, executing transfers, and opening letters of credit. Foreign currency is available at banks and foreign exchange bureaus.

The 1992 U.S.-Egypt Bilateral Investment Treaty provides for free transfer of dividends,

royalties, compensation for expropriation, payments arising out of an investment dispute, contract payments, and proceeds from sales. Transfers are to be made in a "freely convertible currency at the prevailing market rate of exchange on the date of transfer with respect to spot transactions in the currency to be transferred."

The Investment Incentives Law stipulates that non-Egyptian employees hired by projects established under the law are entitled to transfer their earnings abroad. Conversion and transfer of royalty payments are permitted when a patent, trademark, or other licensing agreement has been approved under the Investment Incentives Law.

Banking Law 88 of 2003 regulates the repatriation of profits and capital. The government has repeatedly emphasized its commitment to maintaining the profit repatriation system to encourage foreign investment in Egypt. The current system for profit repatriation by foreign firms, announced in late June 2002, requires sub-custodian banks to open foreign and local currency accounts for foreign investors (global custodians), which are exclusively maintained for stock exchange transactions. The two accounts serve as a channel through which foreign investors process their sales, purchases, dividend collections, and profit repatriation transactions using the bank's posted daily exchange rates. The system is designed to allow for settlement of transactions in less than two days.

Expropriation and Compensation

As noted previously, the Investment Incentives Law provides guarantees against nationalization or confiscation of investment projects under the law's domain. The law also provides guarantees against seizure requisition, blocking, and placing of assets under custody or sequestration. It also offers guarantees against full or partial expropriation of real estate and investment project property. The U.S.-Egypt Bilateral Investment Treaty also provides protection against expropriation. Private firms are able to take cases of expropriation to court, but as noted previously, the judicial system is very slow and can take several years to resolve a case.

Dispute Settlement

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The Nazif administration has moved much more quickly than previous governments to resolve investment disputes. The government resolved the concerns of two major foreign investors through enactment of new legislation in mid-2005. A number of disputes with U.S. investors, however, remain unresolved. These involve widely differing issues, and do not appear to reflect a pattern or any discrimination against U.S. investments. The U.S. Embassy recommends that U.S. companies put clauses specifying binding international arbitration of disputes in their commercial agreements.

Egypt acceded to the International Convention for the Settlement of Investment Disputes in 1971 and is a member of the International Center for the Settlement of Investment Disputes (ICSID), which provides a framework for arbitration of investment disputes between the government and foreign investors from another member state, provided that the parties agree to such arbitration. Without prejudice to Egyptian courts, the Investment Incentives Law recognizes the right of investors to settle disputes within the framework of bilateral agreements, the ICSID or through arbitration before the Regional Center for International Commercial Arbitration in Cairo, which applies the rules of the

United Nations Commissions on International Trade Law. The U.S.-Egypt Bilateral Investment Treaty allows for the possibility of an investor taking a dispute with a party directly to binding third-party arbitration. The Egyptian courts generally endorse international arbitration clauses in commercial contracts. For example, the Court of Cassation has, on a number of occasions, confirmed the validity of arbitration clauses included in contracts between Egyptian and foreign parties.

Egypt adheres to the 1958 New York Convention on Enforcement of Arbitrary Awards; the 1965 Washington Convention on the Settlement of Investment Disputes between States and the Nationals of Other States; and the 1974 Convention on the Settlement of Investment Disputes between the Arab States and Nationals of Other States. An award issued pursuant to an arbitration that took place outside Egypt may be enforced in Egypt if it is either covered by one of the international conventions to which Egypt is party or satisfies the conditions set out in the Arbitration Law.

Egypt's Dispute Settlement Law 27 of 1994 also provides for the arbitration of domestic and international commercial disputes and limited challenges of arbitration awards in the Egyptian judicial system. The law was amended in 1997 to include disputes between public enterprises and the private sector. The Egyptian judicial system functions extremely slowly, and cases can often remain in the system for several years. Arbitral awards are made in the original currency of the transaction, via the competent court in Egypt, usually the Cairo Court of Appeal. A special order is required to challenge an arbitration award in an Egyptian court. To enforce judgments of foreign courts in Egypt, the party seeking to enforce the judgment must obtain an exequatur. To apply for an exequatur, the normal procedures for initiating a lawsuit in Egypt must be satisfied. Moreover, several other conditions must be satisfied, including ensuring reciprocity between the Egyptian and foreign country's courts and verifying the competence of the court rendering the judgment.

Egypt does not have a bankruptcy law per se, but the Commercial Law 17 of 1999 includes a chapter on bankruptcy. The terms of the bankruptcy chapter are silent or ambiguous on several key issues that are crucial to the reduction of settlement risks. According to the Ministry of Trade and Industry, the government is planning to amend the bankruptcy provisions of Law 17 of 1999, but these amendments are still pending.

Performance Requirements and Incentives

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Performance Requirements: No performance requirements are specified in the Investment Incentives Law. The ability to fulfill local content requirements is no longer a prerequisite for approval to set up assembly projects, but in most cases assembly industries still must meet a minimum local content requirement in order to benefit from customs tariff reductions on imported industrial inputs. Article 6 of Decree 420/2000 allows for the reduction of customs tariffs on intermediate goods if the final product has a certain percentage of input from local manufacturers, starting from 30%. As the percentage of local content rises, so does the tariff reduction. In certain cases, a ministerial approval can grant tariff reductions, up to 40%, in advance to certain companies without waiting to reach a corresponding percentage of local content. Manufacturers wishing to export under trade agreements between Egypt and other

countries must fulfill certificate of origin and local content requirements contained therein. Oil and gas exploration concessions, which do not fall under the Investment Incentives Law, do have performance standards, which are specified in each individual agreement and which generally include the drilling of a specific number of wells in each phase of the exploration period stipulated in the agreement. The Labor Law 12 of 2003 requires that foreign workers account for no more than 10 percent of the total workforce of a firm. This law's requirements do not apply to the oil and gas industry, but most or all individual concession agreements have some sort of requirement on percentage of local employees.

Tax Incentives: As noted previously, parliament passed a new personal and corporate income tax law in July 2005. The law eliminated tax incentives for new businesses, and reduced all taxes by 50 percent. The law also changed the relationship between the Tax Authority and taxpayers, requiring taxpayers to do a self-assessment and then submit a tax return, which can be audited by the Tax Authority. Under previous legislation, the Tax Authority assessed all taxpayers' returns and presented a bill, a process that could take several years. Tax revenues have been increasing steadily since the new law. Tax revenue increased from LE 97.7 billion in fiscal year 2005/2006, to LE 114.3 billion in fiscal year 2006/2007, and 137.2 billion LE in 2007/2008, and 163.2 billion LE in 2008/2009. Domestic and foreign individuals and businesses are treated equally under the new tax law. The executive regulations of the new tax law were issued in late 2005.

Communities Law 3 of 1998: This law establishes a number of urban communities, built over the past two decades, to help shift population density out of major cities. All incentives under this law were removed with the new income tax law. While no new incentives have been stipulated in the form of legislation, as is the case with Upper Egypt (Law 719/2007), the government remains committed to provision of infrastructure and certain facilities in the new communities. Facilities provided include sale of land to investors through a closed auction system or on an installment basis and extension of infrastructure, such as gas, water, electricity to the new communities.

Pricing and Customs Preferences: By law, the government may not intervene to set the prices or profits of companies established under the Investment Incentives Law, except for pharmaceuticals, as noted previously.

Geographical Areas: There are no formal legal geographical restrictions on investments. However, due to congestion in Cairo, the government generally denies approval for investments in manufacturing facilities in Cairo, unless a compelling economic rationale exists. The government also offers incentives to move existing manufacturing facilities out of Cairo. Upon request, government officials will assist investors in locating a site for a project, often in one of the new industrial sites located outside Cairo, and will sometimes provide necessary infrastructure. In addition to the new industrial sites outside Cairo, the government has targeted Upper Egypt for development by private investors. Land in industrial zones in Upper Egypt is offered free of charge. The government will also provide hookups to infrastructure (water, sewer, electricity, and gas) and transfer land titles to the developer three years after project startup. As noted above, approval by the security services is generally required for investments in the Sinai Peninsula.

In July 2007, MOI finalized procedures for granting usufruct rights (use by an investor of a plot of land for a certain period of time to establish a project and profit from it, after

which both project and land are given to public ownership) in the Sinai, with the aim of boosting investment levels in this region. The procedures include facilitation of real estate registration; enabling use of real estate as a guarantee for loans; enabling banks to register pledges on real estate and foreclose in cases of non-payment.

Research & Development (R&D) Projects: Large-scale R&D activities in Egypt are relatively modest. Information released during the World Science Forum held in Budapest, Hungary in November 2007, indicated that the Egyptian expenditure on R&D, had increased from 0.3 percent of the GDP in 1981/1982 to almost one percent in 2006/2007, reaching a total of LE 4.6 billion. The Economic and Social Development Plan of the government for 2007/2008 earmarked LE 450 million for spending on research and development, distributed among the Ministry of Scientific Research, the Scientific Research Academy and the Science and Technological Development Fund. The majority of government-funded R&D programs are in agriculture, health, and, to a lesser extent in the manufacturing sector. There are no reports of discrimination against U.S. or other foreign firms wishing to participate in R&D programs in Egypt. Most Egyptian R&D programs are established by government initiative to target specific problems and/or opportunities. Donor support plays an important role in Egypt's R&D activities, constituting about 15 percent of total R&D spending.

Import and Export Policies: Shortly after taking office in July 2004, the new government cut tariffs sharply and simplified the customs regime to stimulate trade and economic development. The government removed GATT-inconsistent services fees and import surcharges, dismantled tariff inconsistencies, including sharp escalation and reverse progression on tariff rates, and rationalized national sub-headings above the six-digit level of the Harmonized System (HS). In February 2007, import tariffs were further reduced by a presidential decree, in conformity with the government's adoption of the World Customs Organization HS – 2007 for classifying commodities. In April 2008, further reductions were introduced to custom tariffs on a score of items including processed foods, agricultural goods, paper products, cement and steel and related products and some durable household goods. Various items became exempt from custom tariffs. Tariffs on fabric imports were significantly reduced and tariffs on clothing were finally made consistent with Egypt's WTO commitments. A BSE-related ban on U.S. beef imports was lifted in early 2005, and a requirement that beef imported for direct consumption contain no more than 7 percent fat content was made voluntary.

In February 2009, a presidential decree amended the customs tariff schedule for 250 items, lowering import duties on many items and removing entirely duties on some raw materials and capital and intermediate goods such as inputs for spinning and weaving products. While the decree generally lowered tariffs, it increased tariff rates on some basic chemicals, rubber and bamboo manufacturing products, some basic machinery, and medical equipment. The changes in the tariff schedule in Decree 51 have been described by the Egyptian government as temporary stimulus measures, and were intended to be phased out by the end of 2009. In December 2009, however, the Ministry of Trade and Industry extended decree until the end of June 2010

As a result of the reforms since 2004, Egypt's number of ad valorem tariff rates was reduced from 27 to 5 and average weighted tariff rate has fallen from 14.6 percent to 5.5 percent.

In October 2005, new import and export regulations were issued, which reduced the number of imported goods subject to inspection by the General Organization for Export and Import Control (GOEIC) and permitted importers to provide their own certificates of health and safety conformity from any internationally accredited laboratory inside or outside of Egypt. The new regulations also transferred responsibility for issuing and reviewing certificates of origin from GOEIC to the Egyptian Customs Authority.

Despite the government's sweeping customs/tariff reform and easing of import restrictions, significant problems remain. Egypt adopted the WTO customs valuation system in 2001. Even though government officials report that Egypt has almost fully implemented the system, some importers face a confusing mix of new invoice-based and old reference price-based valuations depending on the type of imports. Acknowledging these problems, the Ministry of Finance (MOF) has committed to a comprehensive reform of Egypt's customs administration and is working in concert with USAID, which is funding a comprehensive six-year program to support reform efforts. A new customs law was drafted and sent to the Minister of Finance and is scheduled to be sent to the People's Assembly in early 2010 with an expectation that it will be passed and implemented in mid-2010. This new law includes a new enforcement and penalty regime that allows for international information sharing. There has been some success in reducing the amount of time required for incoming goods to clear customs thus far.

A number of non-tariff barriers or bans continue in force to protect local producers. Mandatory quality-control standards make importing certain products into the Egyptian market difficult. Over 130 categories of imports are still subject to mandatory quality-control inspections, including foodstuffs, appliances, electrical products, and auto parts. Although the government says that the quality control standards are applied equally to imports and domestically produced goods, in practice, imports are scrutinized more rigorously by multiple government agencies. Enforcement remains inconsistent.

Many U.S. agricultural products also face burdensome import licensing requirements. Although a ban on whole poultry was lifted in July 1997, imported poultry parts are still prohibited, ostensibly because they do not meet halal (religious) standards. Health food products such as low-calorie foods, diet pills, and vitamins also face informal barriers to trade. These products must obtain a special registration from the Food Institute of the Ministry of Health, which can take months to process. Products with domestic substitutes have experienced substantial delays, some as many as six months to one year. A large shipment of U.S. wheat for human consumption was denied entry to Egypt in June 2007, ostensibly due to bug infestation. Although such infestations are common and can be handled through a simple sanitization process, media reports circulated claiming the wheat was "cancerous." The Ministry of Trade and Industry bowed to political pressure and rejected the wheat, which was re-exported and sold for human consumption in Spain. In late 2009, a separate shipment of 63,000 tons of U.S. wheat was detained by the Plant Quarantine authorities in Damietta, although the wheat did not prevent any threat to human health and led to questions about the Egyptian inspection procedures.

Shelf-life standards also act as an indirect trade barrier. Egypt sets the shelf life of many imported products using non-science-based standards that do not recognize quality, safety, and technological differences between producers. By government decree, imports (mainly food products) must have 50 percent or more of their shelf life remaining. The government is reviewing Egypt's shelf life standards to make them more

science-based and WTO-consistent.

The import inspection process remains confusing, despite the designation of the GOEIC as the coordinator for all import inspections. The Ministries of Health and Agriculture maintain their own inspection units and procedures. Imported refrigerated containers of foodstuffs typically take 25 days to clear customs. While two-month delays were common in the past, overall customs clearance times are improving, and import inspections now typically take three to four weeks.

Ministerial Decree 619 of 1998 required a certification of origin for imports and stipulated that consumer goods (durable and non-durable) be shipped directly from the country of origin. The decree was amended in late 1999 to ease requirements for the certificate of origin and allow shipment of imported consumer goods from the main branches of the producing company and its distribution centers. Company invoices noting the country of origin and bearing the endorsement of an Egyptian overseas commercial office can now be used as certificates of origin. Ministerial Decrees 577 and 580 of 1999 require cars to be imported in the year of production. In 2000 the decrees were amended adding one year after the year of production to the period during which passenger vehicles can be imported. Since May 1999, the Central Bank of Egypt has required 100 percent coverage for credit lines opened for goods imported by traders for resale purposes.

The Export Promotion Law 155 of 2002 aimed to improve the duty drawback and temporary admission systems for exporters by establishing a central unit under the joint supervision of the Ministries of Finance and Trade and Industry to monitor and streamline the systems. The duty drawback system requires full custom duties to be paid on semi-finished imports. There is a one-year time limit for re-exporting these imports as part of a final product in order to claim a full rebate of the duties and taxes paid. In November 2002, the Ministries of Finance and Trade and Industry jointly inaugurated the first upgraded temporary-admissions unit at the Port of Alexandria. With assistance from USAID, three other central units for temporary admissions are now operational in Suez, Port Said, and Damietta.

The Export Promotion Law also established an "Export Development Fund," to promote Egyptian exports and increase their share in foreign markets. The Fund supports a number of sectors, mainly textiles, ready-made garments, and food industries, with an export subsidy that ranges between 8-10% of the value of exported goods. The Fund also subsidizes some shipping costs and start-up costs of export-oriented businesses. The Fund's annual budget currently stands at LE 3.7 billion.

Aside from the subsidies provided by the Export Development Fund, the government of Egypt rarely provides additional agricultural export subsidies and does not impose export performance requirements. The Ministry of Trade and Industry imposed a ban on rice exports in March 2008 and on cement exports in April 2009, citing the need to ensure domestic supply. Both bans have been extended until October 2010. As noted above, exporting industries, including Investment Incentives Law projects, are required to pay the full customs rate on imported inputs but receive a rebate of duties and taxes when they export finished products. Although exporters had previously reported lengthy delays in the customs rebate process, recent rebate transactions have been processed faster and more efficiently than in the past. The paperwork process associated with import-export transactions also has been simplified and updated.

Right to Private Ownership and Establishment Performance Requirements

By law, foreign and domestic private firms have the right to establish and own business enterprises and engage in all forms of remunerative activity, except for the restrictions on foreign business noted previously. Private enterprises may freely establish, acquire and dispose of interests in business enterprises. In practice, private firms sometimes find themselves at a disadvantage when competing for resources with state-owned firms. For example, state-owned firms often have easier access to bank credit from the state-dominated banking system than do private firms, whether domestic or foreign. Lack of access to credit is one of the major complaints of the business community in Egypt as the interest rate is high and the banks have restrictive policies on lending. Lack of risk assessment capacity in the banking sector is also a factor in banks' overly cautious lending policies. Also, some companies have experienced difficulties in dissolving companies.

Protection of Property Rights

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The Egyptian legal system provides protection for real and personal property, but laws on real estate ownership are complex and titles to real property may be difficult to establish and trace. Reforms in 2007 simplified the registration process for residential construction in new urban areas built on the outskirts of Cairo and Alexandria. The new procedures will be introduced in older areas of the two cities and in other Egyptian cities over the next few years. A National Title Registration Program was introduced by the Ministry of State for Administrative Development and was implemented in 5 areas within Cairo. This program aims at simplifying the registration procedure, which in turn facilitates easier mortgage financing. There are price controls on older residential and commercial real estate property resulting in apartment rents as low as \$10 per month. However, these rent controls do not apply to real estate put into service in recent years. There are no restrictions on foreign ownership and rental of non-agricultural real estate in Egypt although specific procedures are required in some cases depending on the geographical location and building codes in different governorates.

The mortgage market is still in its infancy in Egypt, though the MOI has made it a priority. The Real Estate Mortgage Law of 2001 established the Mortgage Finance Authority (MFA), and authorized both banks and non-bank mortgage companies to issue mortgages. The law also provides procedures for foreclosure on property of defaulting debtors and amendments passed in June 2004 allow for the issuance of mortgage-backed securities. There are currently 16 banks and 11 mortgage finance companies. The total value of the mortgage market as of December 2008 stands at LE 3 billion (\$555 million). In 2007 the MFA set new regulations in order to allow mortgage finance companies to offer financing in foreign currency, with a ceiling of 65% of the value of the property. The funding will be from the foreign currency portion of the company's capital.

In 2006, a mortgage refinancing company began operation, with a paid-in capital of LE 200 million, and a license for up to LE 1 billion. The company plays the role of a market maker by providing long term finance to banks and mortgage financing companies. The World Bank and IFC have supported the new facility and commercial banks are the principal shareholders. Despite the efforts to foster a mortgage market, the concept of mortgage-based purchases remains new and is still a largely underutilized in Egyptian society.

Real estate registration fees, long considered a major impediment to development of the real estate sector, were capped in May 2006 at no more than LE 2000, irrespective of the contract value. In August 2006, MOI issued the new schedule of property registration as follows: LE 500 for areas up to 100 square meters, LE 1000 for up to 200 sq. meters, LE 1500 for up to 300 sq. meters and LE 2000 for areas over 300 sq. meters.

Law No. 83 for 2006, issued in June 2006, amended certain provisions pertaining to notarization fees, which remain high, and the Land Register Law. In June 2008, the Egyptian parliament approved a new real estate tax law. The new law dramatically reduces the tax rate to 10 percent on properties with market values above LE 500,000. Properties worth less than LE 500,000 are exempt from taxation, as are rental incomes below LE 6000 per annum. However, the amendments end many of the exceptions which had enabled most homeowners to avoid property taxes. Property values are to be re-assessed every 5 years by an evaluation committee, with caps of 30 percent and 45 percent on residential and non-residential properties, respectively. Maintenance expenses up to 30% and 32% per annum for residential and non-residential units, respectively, are deductible. The law exempts all state-owned property, public service facilities and religious facilities from real estate taxes. The new real estate tax is expected to be implemented starting January 2009.

For information on protecting your Intellectual Property Rights, see Chapter 3 Protecting Your Intellectual Property

Transparency of Regulatory

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The Egyptian government has made considerable effort to improve the transparency of government policy. The process has proven difficult, however, given the extremely opaque policies in place prior to 2004 and resistance from entrenched bureaucratic interests. Significant obstacles continue to hinder private sector investment, including the often-arbitrary imposition of bureaucratic impediments and the length of time needed to resolve them. In 2005, new import and export regulations were issued, completely replacing all prior regulations. The regulations have reportedly sped up import and export clearance processes, but Customs officials still have significant flexibility in classifying goods. Enforcement of health and safety regulations remains uneven and is complicated by a multiplicity of laws, agencies, and opinions. For example, at least four ministries regulate the operation of restaurants.

Law 89 of 1998 amended the Tenders and Bidding Law 9 of 1983 to improve equality and transparency in government procurement. Key provisions of the law include: a prohibition on reopening negotiations after final bids have been received; more transparency in the criteria for bid acceptance and rejection; equality among bidders, contractors, and government agencies; more weight given to the technical aspects of a tender or bid; protection of contractor rights; reduction of insurance fees; immediate return of deposits once the government announces bid or tender results; and the establishment of a Central Office for Complaint Resolution in the Ministry of Finance.

In January 2005, parliament passed the Law on Protection of Competition and Prohibition of Monopolistic Practices. A new agency, the Egyptian Competition Authority, began operating in 2006 to implement the law. Funding for the new agency

comes from direct government appropriations and/or donations from professional or academic bodies. The MOI also issued corporate governance guidelines as Ministerial Decree No. 332 in October 2005. The non-binding guidelines – formulated along the lines of OECD principles – apply to private sector share-holding and limited liability companies, in addition to brokerages. In July 2006, corporate governance guidelines for public sector companies were also issued by MOI.

Accounting standards in government entities are still not fully consistent with international norms, although efforts are underway to bring standards into conformity with International Financial Reporting Standards (IFRS). The MOI issued a directive in September 2006 with new accounting standards for all companies listed on the Egyptian stock exchange, including public entities. The new standards, which came into effect in January 2007, are close, but not identical to IFRS. Over the last two years the Ministry of Finance has also adjusted its own budget classification system according to the Government Finance Statistics Manual for 2001 of the IMF.

Egyptian law does not require that proposed legislation be published prior to consideration in parliament. In practice, however, proposed legislation is occasionally circulated among concerned parties such as business associations and labor unions. Responsiveness on the part of legislators to feedback received from concerned parties is questionable. After approval by parliament, new legislation is published in the Official Gazette.

Efficient Capital Markets and Portfolio Investment

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The government has taken steps to streamline capital markets and overcome years of stagnation in the banking system, which had hampered economic growth. Credit in the banking system is increasingly allocated on market principles and policy interest rates are now more market-determined than before, though credit to the government and interest rate spreads remain high. Although foreign investors have equal access to credit, the business community consistently cites lack of credit as a continuing impediment to economic growth.

The Capital Market Law 95 of 1992, along with the Banking Law of 2003, constitutes the primary regulatory framework for the financial sector. The law grants foreigners full access to capital markets, and authorizes establishment of Egyptian and foreign companies to provide underwriting of subscriptions, brokerage services, securities and mutual funds management, clearance and settlement of security transactions, and venture capital activities. The law also authorizes the issuance of corporate bonds and bearer shares, and makes income from most stocks and bonds non-taxable. The law specifies mechanisms for arbitration and legal dispute resolution and prohibits unfair market practices. Law No 10/2009 brought the regulation of all non-banking financial services under the newly created Egyptian Financial Supervisory Authority (EFSA),

The Central Securities Depository and Registration Law and its executive regulations, issued in 2000, eased registration and deposit of securities. Settlement of transactions now takes one day for treasury bonds, two days for dematerialized issues, four days for materialized issues and same day for 62 active stocks that are not bound by the 5 percent daily price movement ceiling. Thirty three brokerage companies have the license to deal in same day trading among 157 companies. Although Egyptian law and

regulations allow companies to adopt bylaws limiting or prohibiting foreign ownership of shares, only four companies listed on the stock exchange have such restrictions. A significant number of the companies listed on the exchange are family-owned or dominated conglomerates, and free trading of shares in many of these ventures, while increasing, remains limited. However, stocks are de-listed from the exchange if not traded for six months.

In 2002, the then Minister of Foreign Trade added an additional chapter to the executive regulations of the Capital Market Law to allow margin trading to increase liquidity and trading in the market through brokerage firms and financially solvent licensed companies. In April 2003, the U.S. Securities and Exchange Commission included the CASE in its list of accredited stock exchanges, allowing U.S. financial institutions to invest in the Egyptian stock market without undertaking the cumbersome procedures previously required. In May 2006, the CMA issued Decree No. 50 for 2006, organizing online trading on the CASE. The decree allows brokerage companies to receive requests for buying/selling of shares by clients via the Internet. The decree also mandates infrastructure requirements, mainly web security provisions, which brokerage firms must meet in order to provide online services. To date, seventy companies have obtained online trading licenses.

Leasing Law 95 of 1995 allows for the leasing of capital assets and real estate and was designed to reduce the high start-up costs faced by new investors. Notably, the law specifically allowed for the purchase of real estate assets through leasing mechanisms. The Leasing Law was amended in 2001 to make leasing more attractive for investors by exempting financial leasing activities from sales taxes and fees; specifying financial standards that leasing companies must adhere to; increasing the control, organization and efficiency of the leasing activities; and incorporating clear guarantees for the parties involved.

The government undertook significant banking reforms starting in 2004 to consolidate the banking sector and improve asset quality. Non-performing loans dropped from about 25 percent in 2005 to 14 percent in 2008. Most public sector banks have become profitable but overall credit to the private sector has fallen as credit to the government to fund fiscal deficits has risen.

Political Violence

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Egypt suffered a number of terrorist attacks in the past few years, in Taba in October 2004, Cairo in April 2005, Sharm el Sheikh in July 2005, Dahab in April 2006, and Cairo in February 2009. These incidents appear to be aimed at undermining government authority via the tourism sector. The incidents were not directed at foreign investors or their property, though they targeted hotels and areas frequented by foreign tourists. Although tourist numbers decreased somewhat in the immediate aftermath of these events, the decrease was temporary and the inflow of tourists continues to increase steadily. The government has increased security in tourist areas following these incidents; all Americans are urged to be vigilant and exercise good security practices while in Egypt.

Recent reforms have fostered a more open public debate regarding Egypt's political future. This debate has generated frequent public demonstrations, most of which have

remained peaceful. There have been incidents involving violence, however, but the violence was not directed toward foreigners or foreign investment. The general security situation in northern Sinai has recently declined resulting in carjackings and random violence, but foreigners have not been specifically targeted.

Corruption

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While U.S. investors have reported corruption by lower-level government officials, they have not identified corruption as a leading obstacle to foreign investment. Corruption in Egypt is a crime. Two agencies oversee enforcement of corruption laws in the public sector – the Administrative Control Authority (ACA) under the authority of the Cabinet of Ministers and the Illicit Gain Office under the authority of the Public Funds Prosecution of the Ministry of Interior. In the private sector, there are two types of corruption cases, commercial and civil. Commercial cases are subject to the Commercial Law and the Dispute Settlement Law. The district attorney's office and the civil courts adjudicate civil cases. The ACA may intervene when corruption occurs in the private sector if public money and/or public interests are involved.

Giving and accepting bribes are criminal acts in Egypt. Penalties include pecuniary fines and imprisonment. Bribing foreign officials is also a crime in Egypt. High-profile corruption cases since 2002 have resulted in lengthy trials, and convictions in some instances, for several former government officials, including a former Minister of Finance, former head of the Egyptian Customs Authority, and the former Governor of Giza Province. Several businessmen and prominent bankers also have been charged (and some convicted) for alleged corruption related to non-payment of loans. Enforcement of corruption laws does not appear to be disproportional against foreigners, but evidence indicates that cases brought to court are often politically motivated, i.e., cases tend to be brought against individuals who have fallen out of favor with the government.

Egypt is a signatory to the UN Convention Against Corruption, but has not signed the OECD Convention on Combating Bribery or any other regional anti-corruption convention. Transparency International's Corruption Perceptions Index ranked Egypt 111 out of 180 surveyed countries in its 2009 survey. In 2006, Egypt was ranked 70th out of 163 surveyed countries on perceptions of corruption.

The law provides criminal penalties for official corruption, but the government did not consistently and effectively implement the law, and impunity was a problem. Media routinely reported on confirmed cases of low-level corruption, including the fraudulent alteration of official documents, embezzlement, and bribery. The Central Agency for Auditing and Accounting (CAA) is the government's anti-corruption body and submits biennial reports to the People's Assembly, which are not available to the public. The CAA stations monitors at state-owned companies to report corrupt practices. Observers did not judge the CAA to be effective.

Bilateral Investment Agreements

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Egypt has signed investment agreements with over 40 other countries, including Armenia, Belgium, China, Finland, France, Germany, Greece, Italy, Japan, Libya, Luxembourg, Morocco, the Netherlands, Romania, Singapore, Sudan, Sweden,

Switzerland, Thailand, Tunisia, the United Kingdom and the U.S. The U.S-Egypt Bilateral Investment Treaty provides for fair, equitable, and nondiscriminatory treatment for investors of both nations. The treaty includes provisions for international legal standards on expropriation and compensation; free financial transfers; and procedures for the settlement of investment disputes, including international arbitration.

In addition to specific investment agreements, Egypt is also a signatory to a wide variety of agreements covering trade issues. Egypt joined the Common Market for Eastern and Southern Africa (COMESA) in June 1998. In July 1999, Egypt and the United States signed a Trade and Investment Framework Agreement (TIFA), a step toward creating freer trade and increasing investment flows between the U.S. and Egypt. In June 2001, Egypt signed an Association Agreement with the European Union (EU). Egypt's parliament ratified the agreement in March 2003, and it entered into force on June 1, 2004. The agreement provides for immediate duty free access of Egyptian products into EU markets, while duty free access for EU products will be phased in over a twelve-year period.

In recent years Egypt has worked on reaching agreements with 11 Arab League members in connection with the Arab Common Market Treaty of the 1960's. In February 2004, Egypt signed a free trade agreement with Jordan, Morocco and Tunisia. The Agadir Agreement, as it is known, committed the parties to removing substantially all tariffs on trade between them by January 1, 2006, and to intensifying economic cooperation through harmonization of standards and customs procedures. Ratification was completed and the agreement entered into force in 2006.

On December 14, 2004, Egypt and Israel signed an agreement to take advantage of the U.S. government Qualifying Industrial Zone (QIZ) program. The purpose of the QIZ program is to promote stronger ties between the region's peace partners by granting duty-free access to goods produced in QIZs in Egypt and Jordan using a specified percentage of Israeli input. Under the QIZ agreement, the US waives duties on imports from Egypt if the value includes 10.5% Israeli content. At present, 749 Egyptian companies have registered to export under this program. The industrial areas currently included in the QIZ program are Alexandria, areas in Greater Cairo such as Sixth of October, Tenth of Ramadan, Fifteenth of May, South of Giza, Shobra El-Khema, Nasr City and Obour, areas in the Delta governorates such as Dakahleya, Damietta, Monofeya and Gharbeya, and areas in the Suez Canal such as Suez, Ismailia, and Port Said. The Upper Egyptian governorates of Minya and Beni Suef were designated as QIZs in January 2009, though the program has not yet been implemented in the two governorates. Egyptian exports to the U.S., ready-made garments in particular, have risen rapidly since the QIZ program was introduced in December 2004. The value of the Egyptian QIZ exports to the U.S. amounted to \$745 million in 2008, roughly one-third of Egypt's total exports to the U.S.

In July 2007, Egypt signed the Declaration on International Investment and Multinational Enterprises with the Organization for Economic Cooperation and Development (OECD). The declaration implies a policy commitment to improve the investment climate in the country and encourage further contribution of foreign investors and multinational companies.

In July 1999, Egypt and the U.S. signed an updated investment agreement to facilitate the U.S. Overseas Private Investment Corporation (OPIC)'s provision of political risk insurance for U.S. private investment as well as for bid, performance, and advance payments, and customs bonds and guarantees issued on behalf of U.S. suppliers and contractors in Egypt.

Egypt is included in a plan by OPIC to offer financing for construction of low cost housing in several countries in the Middle East and North Africa. OPIC is also currently considering a direct loan to a private financial entity in Egypt to issue low cost, long term mortgages.

Egypt is also a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

Labor

Egypt's labor force has grown steadily in recent years, with upwards of 600,000 new entrants into the labor market each year, though the number declined to 400,000 in the past fiscal year, likely as a result of the financial crisis. Official statistics put the labor force at 24.7 million, with 22.5 million employed in 2008. Unemployment officially stood at 9.4 percent in the third quarter of FY2009. In 2008, the government employed 5.3 million people, state-owned enterprises employed 1 million, and the private sector employed 16 million people.

There is universal agreement that the government bureaucracy and public sector enterprise are substantially over-staffed compared to private sector business. Skilled labor in most professions is in short supply, despite high numbers of university graduates in those fields, and foreign companies frequently pay internationally competitive salaries to attract workers with valuable skills. Millions of Egyptians continue to seek employment abroad on both a temporary and permanent basis, and the government is considering establishing an office to assist workers overseas.

The Unified Labor Law (Law 12 of 2003) provides comprehensive guidelines on labor relations, including hiring, working hours, termination of employees, training, health, and safety. The law grants a qualified right for employees to strike, as well as rules and guidelines governing mediation, arbitration, and collective bargaining between employees and employers. Non-discrimination clauses are also included, and the law complies with labor-related International Labor Organization (ILO) conventions regulating the employment and training of women and eligible children (Egypt ratified ILO Convention 182 on Combating the Worst Forms of Child Labor in April 2002). The law also created a national committee to formulate general labor policies and the National Wage Council, which discusses wage-related issues and national minimum-wage policy. . Law No. 53 for the year 1984 set the minimum wage at LE 35 per month.

Under the Unified Labor law, workers may join trade unions but are not required to do so. A trade union or workers' committee may be formed if 50 employees in an entity express a desire to organize. Most union members, about 27 percent of the labor force, are employed by state-owned enterprises. All trade unions are required to belong to the Egyptian Trade Union Federation. The ILO's Committee of Experts has emphasized repeatedly that a law requiring all trade unions to belong to a single federation infringes

on the freedom of association, but the government has not changed the law.

Regarding the right to strike, workers have the right to strike peacefully, provided a general trade union organizes the strike in defense of vocational, economic, and social interests and announces it at least ten days in advance. Strikers must also notify the employer and concerned administrative officials of the reasons and time frame of the strike. The law prohibits strikes in strategic or vital establishments in which the interruption of work could result in disturbing national security or basic services provided to citizens. In practice, workers strike regularly without following these procedures.

Collective negotiation is allowed between trade union organizations and employers or their organizations when attempting to improve labor terms, conditions, and employment provisions; cooperating between labor parties to achieve social development for workers of an establishment; and settling disputes between workers and employers. Agreements reached through negotiations are recorded in collective agreements regulated by the Unified Labor law.

The Ministry of Manpower and Migration sets worker health and safety standards, which also apply in public and private free zones and the Special Economic Zones (see below). Enforcement and inspection, however, are uneven. The Unified Labor law prohibits employers from maintaining hazardous working conditions, and workers have the right to remove themselves from hazardous conditions without risking loss of employment.

The labor laws allow employers to fully or partially close down or downsize their firms for economic reasons. The unemployment insurance law, also known as the Emergency Subsidy Fund Law No. 156 of 2002, sets a fund to compensate employees whose wages are suspended due to partial or complete closure of their firm or due to its downsizing. The Fund allocates financial resources that will come from a 1 percent deduction from the base salaries of government, public enterprise, and private sector employees.

According to foreign investors, certain aspects of Egypt's labor policies are significant business impediments, particularly the difficulty of dismissing employees. The Unified Labor Law is somewhat more flexible in this area than the previous one, allowing employers and employees to terminate employment contracts under specific circumstances, but the process is still not easy. The privatization program in some cases also requires a company's new owner to retain all workers. The government has, however, used privatization proceeds to offer early retirement and/or other separation incentive packages to workers in some privatized companies.

Foreign Trade Zones/Free Ports

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Public and private free zones are authorized under the Investment Incentive Law and are established by a decree from GAFI. Free zones are located within the national territory but are considered to be outside Egypt's customs boundaries, granting firms doing business within them more freedom on transactions and exchanges. Companies producing largely for export (normally 80 percent or more of total production) may be established in free zones and operate in foreign currency. Free zones are open to investment in any sector, by foreign or domestic investors. Companies operating in free zones are exempted from customs duties, sales taxes or taxes and fees on capital

assets and intermediate goods.

As part of a set of revenue-generating measures to offset a 30 percent public sector wage increase, the government announced in May 2008 that companies operating in free zones would be taxed on natural gas obtained at concessionary rates from the government. Warehouse companies are also subject to an annual fee of 1 percent on the imported product's value, and production and assembly profits are subject to an annual fee of 1 percent on the value added of the final product.

There are currently 10 public free zones in operation in the following locations: Alexandria, Damietta, East Port Said Port Zone, Ismalia, Koft, Media Production City, Nasr City, Port Said, Shebin el Kom, and Suez. The Port Said free zone was initially scheduled to be phased out by 2007, but President Mubarak has extended the timeline multiple times, and Port Said continues to operate as a free zone. Private free zones may also be established with a decree from GAFI but are usually limited to a single project. Priority is given to export-oriented industrial projects. The investor has the freedom to select his activity and there is no restriction on foreign ownership of capital in private free zones.

The Special Economic Zones (SEZ) Law 83 of 2002 allows establishment of special zones for industrial, agricultural, or service activities designed specifically with the export market in mind. The law allows firms operating in these zones to import capital equipment, raw materials, and intermediate goods duty free. Companies established in the SEZs are also exempt from sales and indirect taxes and can operate under more flexible labor regulations. The law's executive regulations were issued in September 2002 and the first SEZ was established in the northwest Gulf of Suez. The Gulf of Suez SEZ is concentrated in a 20 square kilometer region around the port of Ain Sokhna, and has attracted foreign investments from China and the United Arab Emirates.

Law No. 19/2007 issued in May 2007 authorized creation of investment zones, which require Prime Ministerial approval for establishment. The government regulates these zones through a board of directors, but the zones are established, built and operated by the private sector. The government does not provide any infrastructure or utilities in these zones. Investment zones enjoy the same benefits as free zones in terms of facilitation of license-issuance, ease of dealing with other agencies, etc., but are not granted the incentives and tax/custom exemptions enjoyed in free zones. Projects in investment zones pay the same tax/customs duties applied throughout Egypt. The aim of the law is to assist the private sector in diversifying its economic activities.

Foreign Direct Investment Statistics

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Measurements of foreign direct investment (FDI) in Egypt vary according to the source and the definitions employed to calculate the figure. The Ministry of Petroleum keeps statistics on investment in the oil and gas sector (which accounts for the bulk of FDI in Egypt), while GAFI keeps statistics on all other investments. The Central Bank records figures on quarterly and annual investment flows based on financial records, for Egypt's balance of payments statistics. There are wide disparities between the three sources, and none can be considered definitive in assessing levels of foreign investment.

GAFI's figures are calculated in Egyptian Pounds at the historical value and rate of exchange, with no allowance for depreciation and are cumulative starting from 1971.

GAFI statistics indicated that U.S. investors had FDI in Egypt at a total of \$5.8 billion for the period of 1971 - 2008 outside the oil/gas sector. The U.S. is ranked first in terms of FDI in Egypt. In addition to their major role in the energy sector, U.S. firms are active in a wide range of manufacturing industries, producing goods for the domestic and export markets. Examples of U.S. investors include American Express, AIG, American Standard, Bechtel, Bristol-Myers Squibb, Citibank, Coca-Cola, Commercial International Bank, Energizer, ExxonMobil, Eveready, General Motors, GlaxoSmithKline, Guardian Industries, H.J. Heinz, Johnson and Johnson, Devon Energy, Microsoft, Procter and Gamble, Pfizer, PepsiCo, Pioneer, and Xerox. Leading investors from other countries include such companies as BG, ENI-AGIP, Shell, and Union Fenosa (in the oil/gas sector), Unilever, the M.A. Kharafi Group (Kuwait), and the Kingdom Development Company (Saudi Arabia).

INVESTMENT STATISTICS (USD billions)

| | 2002/2003 | 2003/2004 | 2004/2005 | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>Foreign Direct Investment (flow)</i> | .701 | .407 | 3.902 | 6.111 | 11.053 | 13.237 | 8.113 |
| <i>Portfolio Investment (flow)</i> | -.41 | -.2 | .8 | 2.764 | -.9367 | -1.374 | -9.211 |
| <i>US FDI (stock)</i> | 2.6829 | 3.524 | 4.644 | 5.354 | 5.911 | 6.704 | 4.715 |

*2004/2005 data includes the Energy Sector

*U.S. FDI figures are for calendar year.

*Sources: The Financial Monthly U.S. Department of Commerce,; Central Bank of Egypt

Chapter 7: Trade and Project Financing

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- [How Does the Banking System Operate](#)
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How Do I Get Paid (Methods of Payment)

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U.S. exporters to Egypt typically rely on letters of credit from Egyptian buyers, arranged by the latter through Egyptian banks, confirmed irrevocably by an American bank.

How Does the Banking System Operate

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According to the Central Bank of Egypt (CBE), the Egyptian banking system currently consists of 39 banks, split between commercial and non-commercial, public and private sector banks. In practice, the vast majority of these banks operate as commercial banks, although there are a few specialized banks (such as for agriculture and real estate). National Bank of Egypt is a large public sector bank, as is Bank Misr, and Banque du Caire. All banks in Egypt are subject to supervision by the CBE. However, the Arab International Bank, Nasr Social Bank, and the National Investment Bank are exempted due to special provisions in law and treaty.

Egypt aggressively consolidated and reformed the banking system under the 2003 banking law (Law 88 of 2003) Presidential Decree (No. 64 for 2005 which raised the minimum capital requirements for banks sharply (from LE 100 million to LE 500 million for domestic banks and from \$10 million to \$50 million for branches of foreign banks).

Citibank is the only American bank operating in the Egyptian market as a full service bank. J.P. Morgan Chase, Bank of New York, and First Union National Bank have only representative offices.

Foreign-Exchange Controls

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Foreign exchange regulations fall under Law No 88/2003. Under the law, individuals and businesses can hold foreign currency in Egypt and can have local bank accounts denominated in foreign currency. Individuals can buy foreign currency and transfer it abroad. Any individual or business can engage in a foreign currency transaction, but must use banks or foreign-exchange bureau that is licensed to trade in foreign currencies. The banks and foreign exchange bureaus all submit statements of all their transactions to the CBE, which ultimately controls all foreign exchange transactions

A new profit repatriation system was announced by the CBE in June 2002 whereby sub-custodian banks are required to open two accounts for foreign investors (global custodians), a foreign currency account and a local currency account, which will be exclusively maintained for stock exchange transactions only. The two accounts will serve as a channel through which foreign investors can process their sale, purchase, dividend collection and profit repatriation transactions using the official exchange rates.

U.S. Banks and Local Correspondent Banks

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<http://www.nbe.com.eg/en/>

Arab International Bank

Dr. Atef Ebeid, Chairman

35 Abdel Khalek Tharwat St., Downtown, Cairo

Tel: +20 (2) 2391-6391, Fax: +20 (2) 2391-6233, 2390-5765

<http://www.aib.com.eg/indexEng.html>

BNP Paribas

Mr. Pierre Delaise, Chairman

3 Latin America St., Garden City, Cairo

Tel: +20 (2) 2794-8323/4/5 Fax: +20 (2) 2794-0619, 2794-2218

<http://egypt.bnpparibas.com/en/home/default.asp>

Cairo Barclays Bank
Mr. Omar Elsayeh, Chairman
12 El Sheikh Youssef Sq., Garden City, Cairo
Tel: +20 (2) 2366-2600, 23662620, Fax: +20 (2) 2366-2810, 2366-2814
<http://www.barclays.com/africa/egypt/>

Commercial International Bank (CIB)
Mr. Hisham Ezz Al Arab, Chairman
Nile Tower Bldg., 4th Fl., 21/23 Charles DeGaulle St., Giza
Tel: +20 (2) 3747-2000, 3570-2690, Fax: +20 (2) 3568-3844
<http://www.cibeg.com/en/Pages/default.aspx>

National United Bank
Mr. James Gold, Chairman
1113 Corniche El Nil, Cairo
Tel: +20 (2) 2575-3492, 25801200/400, Fax: +20 (2) 2575-6937

HSBC
Mr. Abdel Salam El Anwar, Chairman
3 Aboul Feda St., Zamalek, Cairo
Tel: +20 (2) 2736-7425, 2739-6001, 2736-7344 Fax: +20 (2) 2736-4010
<http://www.egypt.hsbc.com/1/2/>

Project Financing

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OBTAINING FINANCING

The emerging securities market, donor-assistance credit lines such as bilateral aid, EU credits for the private sector, and the Social Fund for Development, offer alternatives to financing from banks. Also, a new system, which began operating in 2004, allows 13 financial institutions listed with the Ministry of Finance, including banks and bond dealers, to underwrite primary issues of government securities and activate trading in the secondary market through sale, purchase, and repurchase agreement of government securities based on a multiple-price auction system.

The Cairo and Alexandria Stock Exchanges, now called the Egyptian Stock Exchange (EGX), is the only stock exchange in Egypt and it has grown significantly in volume and value in the past few years. The volume of listed securities has more than quadrupled from 5,311 in 2005 to about 25,556 in 2008 and the total value traded has more than tripled from LE 160,635 million in 2005 to LE 529,000 million in 2008.

EGYPTIAN FINANCIAL AND INSURANCE MECHANISMS

The local banking system in Egypt is the main source of finance for Egyptian exports. Export financing is usually short-term and is intended to cover the exporter's working capital during the production period. The period of financing ranges from between three to four months to as much as one year. Banks normally do not finance long-term export contracts unless guaranteed by an export guarantee company. The exporter may use loans to finance imported inputs or locally produced ones. Banks prefer to lend

exporters the same currency they will receive in payment for its exports to reduce foreign exchange risk.

Banks may finance from 40% to 80% of the value of an export order, based on the form of a contract, shipping documents, insurance documents, or a letter of credit (L/C), and the credibility of the exporter. If the exporter is not well known in the market and does not have a proven track record, banks will request that the importer open an L/C to reduce their risk.

Egypt has one export guarantee company, the Export Credit Guarantee Company of Egypt (ECGC), established by the Export Development Bank of Egypt, National Investment Bank, Misr Insurance Company, Al Shark Insurance Company, and Egyptian National Insurance Company. It provides guarantees against importer's risk or political risk to Egyptian or foreign exporters who export products that are totally or partially produced in Egypt. "Importer's risk" is defined as the importer's inability to pay for the exported goods or his/her refusal to receive the shipping documents of exported goods, although the exporter fulfilled all obligations. ECGC's guarantee also covers political risk (non-commercial), which includes the following: cancellation of the importer's license by his/her country's authorities; refusal of entry of goods by the importer's government; denial of permission to transit a country's territory; seizure or confiscation of exported goods by the importer's country or the transit country; insolvency of a public-owned importer; or military actions or civil disturbances that affect the importer's assets. The guarantee, on the other hand, does not cover foreign exchange risk and risks pertaining to the nature of the goods.

Whenever ECGC receives a request for guarantee, it investigates the importer thoroughly. Based on the importer's financial status and estimated country risk, ECGC decides on a coverage limit and informs the exporter. The guarantee can reach up to 80 percent of the importer's outstanding debt. ECGC receives 0.5-2 percent premium depending on the importer's country and the product exported. The exporter can then sell the guarantee to his/her bank.

THE WORLD BANK GROUP

The World Bank Group is a multilateral lending agency consisting of four closely related institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). The World Bank provides loans to developing countries to help reduce poverty and to finance investments that contribute to economic growth. Because Egypt is now a middle-income developing country, it is no longer eligible for loans from the World Bank's "soft" financing arm, the International Development Association, but it is still eligible for regular World Bank (IBRD) loans.

The International Finance Corporation (IFC) is an affiliate of the World Bank that provides project financing for private investment in developing countries. IFC offers long-term loans and equity investments, as well as other financing services. IFC will generally invest up to 25% of the total project cost. In addition to project finance, IFC also provides legal and technical assistance to private enterprises. Unlike the IBRD and IDA, the IFC does not require government guarantees. Egypt is one of the largest users

of IFC funds in the world. U.S. companies seeking direct investment funds should contact the IFC directly.

For further information and assistance contact the U.S. Commerce Department's Commercial Service Liaison Staff, Office of the U.S. Executive Director, The World Bank, 1818 H Street NW, Washington DC 20433, USA. Tel: 202-473-1000, Fax: 202 477-6391. Website: www.worldbank.org

USAID PROGRAMS

BACKGROUND AND OVERVIEW OF USAID IN EGYPT

The United States Agency for International Development (USAID) began its on-going program in Egypt in 1976 during a period when Egypt was facing extreme economic and political challenges. After 1979, following the Camp David Accord, Egypt became one of the United States' largest economic assistance program partners in the world.

PROCUREMENT OPPORTUNITIES

There are two main sources of information about procurement opportunities related to USAID programs in Egypt:

- Fed Biz Opps website, (<http://www.fedbizopps.gov/>) in which all USAID direct and USAID-financed Egyptian Government procurement is advertised;
- USAID's on-line website (<http://www.usaid.gov>). This on-line service also has background on the AID program and its relevance to U.S. interests at home and abroad.

Most commodity procurement is done under subcontract or by Egyptian Government arrangements, rather than directly by USAID.

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

African Export-Import Bank: www.afreximbank.com

The World Bank: <http://www.worldbank.org/>

International Finance Corporation: <http://www.ifc.org/>

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Chapter 8: Business Travel

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Business Customs

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Egyptian and foreign business community members who have broad experience in the market give the following suggestions:

- **Have Patience:** Unfamiliar paperwork processes and bureaucratic procedures make business conduct somewhat slowly in Egypt. Don't expect to breeze in for a week and leave with a contract. It may take a year or more, but in the end, it is usually profitable.
- **Get Acquainted with Local Culture:** Egyptians are a proud people who trace their civilization back 5,000 years. Take time to learn the culture and develop an appreciation for the Islamic faith. All private business leaders and most high-level government officials have a good command of English. Learn as much Arabic as possible - it pleases Egyptians if you know key phrases in Arabic ... Good Morning (Sabah El Kheir), Good Evening (Massaa El Kheir), etc.
- **Be Personable:** When you visit a businessperson, don't just walk in, shake hands, and get down to business. If you have previously met with the person, chat about common friends; ask after their family, children, etc.
- **Do Your Homework:** The Egyptian market is a complex and highly competitive one. At the same time, it is booming in some fields, such as real estate. You have to study the market very well before starting a business. A good Egyptian agent will help you a great deal in directing you to success. Find yourself a good local representative with the help of the U.S. Commercial Service at the American Embassy or a reliable business group.
- **Remain Flexible:** The Egyptian market, like anywhere in the Middle East, is a changing one. It may not be advisable for the terms of a contract to remain the same during its length. Changing conditions in the market may suggest exploring different markets or changing from partnership to technology transfer or royalty provisions.
- **Send Your Best:** Your top experienced executive with knowledge of the area will do a better job with the Egyptian business community. Your young, enthusiastic

representative may not be as effective with the local partner, particularly in a culture that respects age and experience.

- Business Rules: When doing business in Egypt, be prepared to play it in the Egyptian tradition, or you may waste your time. A few foreign firms come to Egypt and give up after a short stay; but most foreign companies, once established with a base here, find the Egyptian market a worthwhile and profitable place to do business.

Travel Advisory

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Current travel warnings and advisories can be found on the U.S. State Department's site: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1108.html. Travelers should check this link for any updates to the security situation before leaving the U.S.

Business travelers to Egypt seeking appointments with U.S. Embassy Cairo officials should contact the Commercial Service in advance at +20 (2) 2797-2340, fax at +20 (2) 2795-8368, or e-mail at: cairo.office.box@mail.doc.gov

U.S. citizens may refer to the Department of State's pamphlets, [A Safe Trip Abroad](#) and [Tips for Travelers to the Middle East and North Africa](#), to promote a trouble-free journey.

Egypt suffered a series of deadly terrorist attacks in or near tourist sites. Occasionally, there are some public demonstrations in some areas. In general Egypt is considered a safe and well secured country.

Visa Requirements

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A passport and visa are required for all non-Egyptian visitors traveling to Egypt. For specific requirements, consult the Egyptian Embassy in the United States, 3521 International Court, NW, Washington, D.C. 20008, <http://www.egyptembassy.net/>, (202/895-5400) or nearest Consulate General: CA (415/346-9700), IL (312/828-9162), NY (212/759-7120), or TX (713/961-4915). American citizen holders of blue passports can obtain a visa at the airport upon arrival for 15 US Dollars. Having exact change will expedite the process.

More information can also be found at the State Department's Egypt Country Specific Information sheet website: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1108.html

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Consular Section of the U.S. Embassy: <http://cairo.usembassy.gov/consular/index.htm>

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Telecommunications

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The international dialing code for Egypt is +20. Calling landlines may require a city code such as (2) for Cairo and (3) for Alexandria. Mobile phones generally begin with 010, 012, 011, or 016. 017 and 019. Should you dial a landline from a mobile phone; you need to dial 0 plus the city code.

The Government of Egypt offers free dial up, and using these 0777 numbers accesses Internet through ISPs, and billing is the same as making a local phone call. Wireless Internet can be found in many of the 5 star hotels and some cafes.

Transportation

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Air and Sea: Egypt is an important air terminus for the Middle East, and Cairo is served by many major airlines. Currently, Egypt Air and Delta are the only airline serving Egypt non-stop from/to the U.S., with United involved under a code-sharing agreement with Lufthansa, Northwest with KLM, and Delta with Air France. Other major international airlines represented in Cairo include: Air France, Alitalia, British Airways, Japan Airlines, and Swissair. Shipping lines serving Port Said and Alexandria (the largest port on the Mediterranean) are Adriatica, Farrel, Lykes, Ogden, Prudential, and American President Lines. Egypt has its own merchant fleet.

Local: Using Cairo's black and white taxis effectively require some basic Arabic phrases and practice. If you're going to an area you do not know well, ask about local landmarks – such as hotels or cross streets – to help you and the driver find the location. Negotiating the fare is best done before the trip. Although some taxis have meters, the official rate is so low, the obligation to pay something realistic is clear. Other variables are your familiarity with the city, the driver's demeanor, and the taxi's physical attributes. Its age and size count. While newer, larger taxis command higher fares, the cost is very reasonable, much less than in the U.S. In 2006 a new fleet of yellow taxis began operations. These taxis – bright yellow in color – can be found waiting at selected locations around Cairo, and may also be called for pick-up. These taxis charge based upon the meter.

In April 2009, taxis that are 20 years or older have been replaced by new white cabs with black-checked stripes. The price of riding a new cab includes a LE 2.50 (\$0.46) base fair, including the first kilometer, and a LE 1.25 (\$0.22) charge for every additional kilometer.

The Cairo Metro is a light rail system, partly underground. One line is now running from al-Marg in the north through the center of the city to Maadi and on to Helwan. Another line is now running from Shoubra El Kheima, north of Cairo, to Ramses Station in the city center. A new line now runs from Tahrir Square passing by the Cairo Opera House and ending at Cairo University in Giza.

Regional: the Western Desert Highway, a high-speed toll road, and the busier Delta Road connect Alexandria and Cairo. Buses take 3½ hours between the cities, including a rest stop. A non-stop Turbino train takes just over 2 hours.

Traffic Safety and Road Conditions: The roads in Egypt can be hazardous, particularly at night outside major cities. Cars and trucks frequently travel at night without headlights and at a high rate of speed. There are few, if any, areas for a vehicle with mechanical problems to pull off the paved surface and no system for warning other motorists. Wild animals can regularly be found on the roads at night. Traffic regulations are routinely ignored. Roads in Cairo are congested and traffic is badly regulated. With such hazards, it is not surprising that Egypt is one of the world's leaders in fatal auto accidents. It also strongly suggested that seatbelts be worn at all times. As an alternative, the Cairo Metro (subway) system is good, but buses and commuter micro-buses are usually extremely crowded and poorly maintained. For those who prefer to go on foot, sidewalks and pedestrian crossings are non-existent in many areas and drivers do not yield the right-of-way to pedestrians. It should also be borne in mind that emergency and intensive care facilities are limited outside Cairo.

For additional general information about road safety, including links to foreign government sites, see the Department of State, Bureau of Consular Affairs home page at http://www.travel.state.gov/travel/tips/safety/safety_1179.html. For specific information concerning Egypt's driving permits, vehicle inspection, road tax and mandatory insurance, please contact the Egyptian National Tourist Organization offices in New York at Egypt Tourist Authority, 630 Fifth Avenue, Suite 1706, New York, NY 10111; telephone (212) 332-2570 or toll-free, (877) 773-4978; internet website: <http://www.egypttourism.org>; e-mail address: info@egypttourism.org.

Language

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Arabic is the spoken language of Egypt. Colloquial Cairene Arabic is expressive and rich in words of Coptic, European, and Turkish origins. The written language differs from the spoken. Modern standard Arabic, based on the language of the Koran, is heard on radio, TV, and in formal speeches.

About 85% of Egyptians are Muslim, and Islam is the state religion. Most others are Christian, Copts, Greek Orthodox, Roman Catholic, or Anglican Protestants. Indigenous minorities include about twelve million Copts, Nubians, Bedouin, and a small Jewish community. Coptic has remained the liturgical language of the Coptic Church.

English, and to a lesser extent French, is widely spoken amongst the business community and at hotel and tourist destinations.

There are many Western-trained medical professionals in Egypt. The U.S. Embassy in Cairo can provide a list of local hospitals and English-speaking physicians. Medical facilities are adequate for non-emergency matters, particularly in tourist areas. Emergency and intensive care facilities are limited. Facilities outside Cairo, Alexandria, and Sharm El Sheikh fall short of U.S. standards. Most Nile cruise boats do not have a ship's doctor, but some employ a medical practitioner of uncertain qualification. Hospital facilities in Luxor and Aswan are inadequate, and they are nonexistent at most other ports-of-call.

Medical care in Egypt falls short of U.S. standards. The U.S. Embassy in Cairo can provide a list of local hospitals and English-speaking physicians. Emergency and intensive care facilities are limited. Most Nile cruise boats do not have a ship's doctor, but some employ a medical practitioner of uncertain qualification. Hospital facilities in Luxor and Aswan are inadequate, and they are nonexistent at most other ports-of-call. The Egyptian ambulance service hotline is 123, but Egyptian ambulance service is not reliable.

Beaches on the Mediterranean and Red Sea coasts are generally unpolluted. Persons who swim in the Nile or its canals, walk barefoot in stagnant water, or drink untreated water are at risk of exposure to bacterial and other infections and the parasitic disease schistosomiasis (bilharzia).

It is generally safe to eat properly-prepared, thoroughly-cooked meat and vegetables in tourist hotels, on Nile cruise boats, and in tourist restaurants. Eating uncooked vegetables should be avoided. Tap water is not potable. It is best to drink bottled water or water that has been boiled and filtered. Well-known brands of bottled beverages are generally considered to be safe.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's (CDC) hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747) or via the CDC website. For information about outbreaks of infectious diseases abroad, consult the infectious diseases section of the World Health Organization (WHO) website. The WHO website also contains additional health information for travelers, including detailed country-specific health information.

A list of local hospitals, medical facilities and physicians can be found at the American Citizen Services website: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1470.html.

Influenza: As of October 15, 2008, the Egyptian Ministry of Health has confirmed fifty human cases of the H5NI strain of avian influenza in Egypt since March 2006. Commonly known as "bird flu," the disease has resulted in twenty-two deaths. Travelers to Egypt and other countries where the virus is being isolated or identified are cautioned to avoid poultry farms, contact with animals in live food markets, and any surfaces that appear to be contaminated with feces from poultry or other animals. In addition, the CDC and WHO recommend eating only fully-cooked poultry and eggs.

As of August 2009, the Egyptian Ministry of Health has confirmed approximately 300 cases of 2009-H1N1 influenza and one H1N1-related death in the country. 2009-H1N1 influenza (sometimes referred to as novel H1N1 or “swine flu”) is a new virus causing illness in humans that was first detected earlier this year. The virus is spreading from person-to-person, probably in much the same way that regular seasonal influenza spreads. Most people infected with 2009-H1N1 fully recover. You cannot catch 2009-H1N1 by eating properly cooked pork products.

For the most current information and links on influenza and pandemic preparedness, please visit the [federal government's flu website](#).

Medical Insurance: The Department of State strongly urges U.S. citizens to consult their medical insurance company prior to traveling abroad to determine whether the policy applies overseas and whether it covers emergency expenses such as a medical evacuation.

For more information, please see the Department of State's medical insurance overseas page: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1470.html.

Local Time, Business Hours, and Holidays

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The workweek in Egypt is Sunday through Thursday, and local time is GMT+2, or 7 hours ahead of Eastern Standard Time.

Typical work hours are Sunday through Thursday 9:00am – 3:30pm.

The following chart lists commercial holidays that will close most Egyptian business and government offices during 2010:

| | | | |
|-------------------------------|----------|--------------|------------|
| New Year's Day | American | Thursday | Dec 31 |
| Coptic Christmas | Egyptian | Thursday | Jan 7 |
| Martin Luther King's Birthday | American | Sunday | Jan 17 |
| Police Day*** | Egyptian | Monday | Jan 25 |
| President's Day | American | Sunday | Feb 14 |
| Moulid El Nabi* | Egyptian | Friday | Feb 26 |
| Sham El Nessim | Egyptian | Monday | April 5 |
| Sinai Liberation Day | Egyptian | Sunday | April 25 |
| Labor Day | Egyptian | Saturday | May 1 |
| Memorial Day | American | Sunday | May 30 |
| Independence Day | American | Sunday | July 4 |
| National Day** | Egyptian | Friday | July 23 |
| Labor Day | American | Sunday | Sept 5 |
| Eid al-Fitr * | Egyptian | Fri/Sat | Sept 10/11 |
| Armed Forces Day | Egyptian | Wednesday | Oct 6 |
| Columbus Day | American | Sunday | Oct10 |
| Veterans' Day | American | Thursday | Nov 11 |
| Eid al-Adha * | Egyptian | Mon/Tues/Wed | Nov15-17 |
| Thanksgiving Day | American | Thursday | Nov 25 |
| Islamic New Year * | Egyptian | Tuesday | Dec 7 |
| Christmas Day | American | Sunday | Dec 26 |

* Dates of Islamic holidays are subject to the sighting of the moon and may vary from the above projected dates.

** The Embassy will consider moving the observation date of local holidays (religious and secular) falling on weekends in the event that the Egyptian Government issues decisions mandating that the public and private sector change the observance date.

*** This is a new local official holiday.

Temporary Entry of Materials and Personal Belongings

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Customs Regulations: Egyptian customs authorities enforce strict regulations concerning temporary importation into or export from Egypt of items such as firearms, religious materials, antiquities, medications, business equipment, currency, and ivory.

Personal use items such as jewelry, laptop computers, and electronic equipment are exempt from customs fees. However, Egyptian customs authorities may enforce strict regulations concerning temporary importation into or export from Egypt of items such as computer peripherals, including printers and modems, which are subject to customs fees. For tourists, electronic equipment is annotated in their passport, and the person is required to show the same items upon exiting Egypt. For residents, a deposit, refunded upon departure, may be made in lieu of customs fees.

Commercial merchandise and samples require an import/export license issued by the Egyptian Ministry of Trade and Industry in Egypt prior to travel and should be declared upon arrival. It is advisable to contact the Embassy of Egypt in Washington, D.C. or one of Egypt's consulates in the United States for specific information regarding customs requirements.

Criminal Penalties: While in a foreign country, a U.S. citizen is subject to that country's laws and regulations, which sometimes differ significantly from those in the United States and may not afford the protections available to the individual under U.S. law. Penalties for breaking the law can be more severe than in the United States for similar offenses. Persons violating Egyptian laws, even unknowingly, may be expelled, arrested or imprisoned.

Penalties for possession, use, or trafficking in illegal drugs in Egypt are strict, and convicted offenders can expect jail sentences and heavy fines. The death penalty may be imposed on anyone convicted of smuggling or selling marijuana, hashish, opium, LSD, or other narcotics. Law enforcement authorities prosecute and seek fines and imprisonment in cases of possession of even small quantities of drugs.

Consular Access: U.S. citizens are encouraged to carry a copy of their U.S. passport with them at all times, so that, if questioned by local officials, proof of identity and U.S. citizenship is readily available. In accordance with Article 36 of the Vienna Convention on Consular Relations, to which Egypt is a party, competent authorities in the host country must notify a consular post of the arrest of one of its citizens without delay if requested to do so by the foreign citizen.

Photography Restrictions: There are restrictions on photographing military personnel and sites, bridges, and canals, including the Suez Canal. Egyptian authorities may

broadly interpret these restrictions to include other potentially sensitive structures, including embassies, other public buildings with international associations, and some religious edifices. Visitors should refrain from taking photographs that include uniformed personnel.

Children's Issues: For information on international adoption of children and international parental child abduction, please refer to website <http://travel.state.gov/family/index.html> or telephone the Overseas Citizens Services call center at 1-888-407-4747. The OCS call center can answer general inquiries regarding international adoptions and will forward calls to the appropriate country officer in the Bureau of Consular Affairs. This number is available from 8:00 a.m. to 8:00 p.m. Eastern Standard Time, Monday through Friday (except U.S. federal holidays). Callers who are unable to use toll-free numbers, such as those calling from overseas, may obtain information and assistance during these hours by calling 1-317-472-2328.

Embassy Location and Registration: U.S. citizens living in or visiting Egypt are encouraged to register at the Consular Section of the U.S. Embassy in Egypt and obtain updated information on travel and security within Egypt. The American Citizens Services office of the U.S. Embassy is located at 5 Latin America Street, Garden City, Cairo and is open to the public from 8:00 a.m. until 11:00 a.m. The workweek in Egypt is Sunday through Thursday. Telephone calls are accepted from 8:00 a.m. until 4:00 p.m.

The mailing address from the United States is: Consular Section, Unit 64900, Box 15, APO AE 09839-4900; in Egypt, it is 8 Kamal el-Din Salah Street, Garden City, Cairo. The main Embassy telephone number is +20 (2) 2797-3300. The Consular Section telephone number is 20-2-2797-2301, the fax number is +20 (2) 2797-2472, and the e-mail address is ConsularCairo@state.gov. Consular information is available via the Internet at <http://cairo.usembassy.gov/consular/index.htm>.

Once a month, American citizen services are available at the American Center, 3 Pharana Street, Azarita, Alexandria from 11:00 a.m. - 2:00 p.m. Please check the Embassy web site for a schedule. <http://cairo.usembassy.gov/consular/ACSALEX.htm>. Every 5-10 weeks, American citizen services are available at the Cairo American College, Room 600, Maadi, from 11:30 a.m. to 1:30 p.m. Please check the Embassy website for dates <http://cairo.usembassy.gov/consular/ACSmaadi.htm>.

Web Resources

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Department of State Travel Sheet on Egypt: <http://travel.state.gov/travel/egypt.html>

U.S. State Department's travel warnings/advisories:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1108.html

The Embassy of the Arab Republic of Egypt in Washington, DC:

<http://www.egyptembassy.net/>

Consular Section of the U.S. Embassy in Egypt: <http://egypt.usembassy.gov/consular/>

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Egypt Tourist Authority: <http://www.egypttourism.org>

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Chapter 9: Contacts, Market Research, and Trade Events

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Contacts

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U.S. AND EGYPTIAN CONTACTS: (Note: From the United States, dial international long-distance access, then Country Code: 20, and City Code: 2 for Cairo, or 3 for Alexandria. When dialing from within Egypt, dial 02 for Cairo, 03 for Alexandria.)

U.S. EMBASSY TRADE PERSONNEL:

U.S. Commercial Service

Ms. Margaret Keshishian, Regional Senior Commercial Officer for Egypt & Lebanon

Mr. Mark Russell, Deputy Senior Commercial Officer

8 Kamal El Din Salah St., Garden City, Cairo

Tel: +20 (2) 2797-2330, +20 (2) 2797-2340, Fax: +20 (2) 2795-8368

Email: cairo.office.box@mail.doc.gov

Website: <http://www.buyusa.gov/egypt/en/>

U.S. Commercial Service – American Center Alexandria

3 El Pharaana Avenue, American Center Building, Alexandria

Tel: +20 (3) 482-5607, +20 (3) 487-6330, Fax: +20 (3) 482-9199

U.S. Foreign Agricultural Service (FAS)

Mr. Jonathan Gressel, Agricultural Counselor

Mrs. Cynthia Guven, Senior Agricultural Attaché

Mr. Julio Maldonado, Agricultural Attaché

8 Kamal El Din Salah St., Garden City, Cairo

Tel: +20 (2) 2797-2388/9, Fax: +20 (2) 2796-3989

<http://www.fas.usda.gov/>

U.S. Agency for International Development (USAID)

Mrs. Hilda Arellano, Director

Mr. John Delaney, Deputy Director

Plot 1/A off El Laselki Street

New Maadi, Cairo

Tel: +20 (2) 2522-7000, +20 (2) 2522-6500, Fax: +20 (2) 2516-4628

Website: <http://egypt.usaid.gov>

U.S. Department of State

Mr. Donald Blome, Minister Counselor, Economic & Political Section

Mr. Steve O'Dowd, Counselor, Economic Affairs

Tel: + 20 (2) 2797-2252/3, Fax: + 20 (2) 2797-2181

Mr. Haynes Mahoney, Counselor for Public Affairs (Cultural & Press)

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Fax: +20 (2) 2575-9629, 2578- 9310, 2574-6989
Website: <http://www.ertu.org/>

Egyptian Tourist Authority (ETA)
Mr. Amro Al Azaby, Chairman
Misr Travel Bldg., Abbassia, Cairo
Tel: +20 (2) 2683-9968, + 2685-4509, 2685-4788, Fax: +20 (2) 2685-4363
Website: <http://www.egypttourism.org/New%20Site/index.htm>

General Authority for Export & Import Control (GOEIC)
Eng. Mohamed Shafik Chairman
1 El Sheikh Maarouf St. (Corner of Ramses St.) Downtown,
Tel: +20 (2) 2575-6130, +20 (2) 2575-6095/31
Fax: +20 (2) 2576-6971, +20 (2) 2575-8195

Cairo AirPort
Tel: +20 (2) 2266-9534/ 6858/9404, 2266-9668
<http://www.goeic.gov.eg/en/akhbardetindex.asp?id=203>

General Organization for Int'l Exhibitions & Fairs (GOIEF)
Mr. Serif Salem, Chairman
Fair Grounds, Nasr City, Cairo

Tel: +20 (2) 2260-7810/1/5/6/7/8/9
Fax: +20 (2) 2260-4548/21
Website: <http://www.goief.gov.eg/internal%20eng.htm>

Immigration & Egyptians Abroad Administration
Ms. Soheir Abdel-Rahman, Director
96 Ahmed Orabi St., Mohandessin
Tel: +20 (2) 3303-6431, +20 (2) 33036433, +20 (2) 33463496
Fax: +20 (2) 3303-5332, +20 (2) 3346-3497

New Community Authority
Eng. Abdel Raouf Shoky Deputy Director
Housing Bldg., 1 Ismail Abaza St., Cairo
Tel: +20 (2) 2792-1406, Fax: +20 (2) 2792-1408

Public Enterprise Office (PEO)
Dr. Mahmoud Mohie Eldin, Minister
2 Latin America St., Garden City, Cairo
Tel: +20 (2) 2795-9288 / 87, Fax: +20 (2) 2795-9233

Sales Tax Authority
Mr. Mahmoud Mohamed Ali, Director
4 El Tayaran St., Nasr City, Cairo
26 El-Abour Bldg., Nasr City, Cairo
Tel: +20 (2) 2403-4893 / 96, +20 (2) 2405-0536 / 35, Fax: +20 (2) 2401-2702
Website: <http://www.salestax.gov.eg/>

Social Fund for Development (SFD)
Dr. Hany Seif Al Nasr, Secretary General
120 Mohey El Din Aboul Ezz St., Dokki, Giza
Tel: +20 (2) 332-2000, +20 (2) 3794-8339, Fax: +20 (2) 333612985
Website: <http://www.sfdegypt.org>

Cairo Alexandria Stock Exchange
Mr. Magued Shawki, Director
4A El Sherifien St., Downtown, Cairo
Tel: +20 (2) 2395-9200, +20 (2) 2392-8698, +20 (2) 2392-1402 / 47
Fax: +20 (2) 2395-5799
Website: <http://www.egyptse.com/English/homepage.aspx>

Suez Canal Authority
Marshall Ahmed Ali Fadel, Chairman
6 Lazoghly St., Garden City, Cairo
Tel: +20 (2) 2794-0746 / 7 / 8 / 9, +20 (2) 2578-8350
Fax: +20 (2) 2795-1592, +20 (64) 391-4784, +20 (64) 391-4785

Taxation Authority
Mr. Ashraf El Araby, Chairman
5 Hussein Hegazi St., Lazoughly Square, Downtown, Cairo
Tel: +20 (2) 2792-0767 / 68, +20 (2) 2795-2128, Fax: +20 (2) 2792-0774

Telecom Egypt
Eng. Akil Hamed Beshir, Chairman
26 Ramses St., 2nd Floor, Cairo
Tel: +20 (2) 2577-7551, +20 (2) 2578-1414, Fax: +20 (2) 2574-4244
Website: <http://www.telecomegypt.com.eg/home-en.asp>

EGYPTIAN TRADE ASSOCIATIONS:

Alexandria Business Association (ABA)
Dr. Mohamed Bahaa El Din Ghatwary, President
52 Avenue El Horria St., Alexandria
Tel: +20 (3) 484-8978, +20 (3) 484-8979, Fax: +20 (3) 487-2411, +20 (3) 487-2206
Website: <http://www.aba.org.eg/>

Borg El Arab Investors Association
Eng. Mohamed Farag Amer
First Industrial Zone, Borg El Arab, Alexandria
Tel: +20 (3) 459-3650
Fax: +20 (3) 459-1198
E-Mail: invest.borg@N0SPAM.yahoo.com

Egyptian Businessmen's Association (EBA)
Mr. Hussein Sabbour, Chairman
21 Giza St., Nile Tower, Giza, Cairo
Tel: +20 (2) 2573-6030, +20 (2) 2572-3020, +2-010-538-4604, +2-010-538-4605
Fax: +20 (2) 2572-3855, +20 (2) 2573-7258
Website: <http://www.eba.org.eg/>

Egyptian Small Enterprise Development Foundation
Mr. Omar Hussein Anann, Chairman
13 Salem Salem St., El Agouza, Giza, Cairo
Tel: +20 (2) 3336-3980/1/2, Fax: +20 (2) 3336-3983

Egypt's International Economic Forum
Mr. Shafik Gabr, Chairman
Amb. Mr. Ashraf Swelam, Director General
509 Road #10, Off Road # 9, Mokattam, Cairo
Tel: +20 (2) 25086925, +20 (2) 25086873/74, Fax: +20 (2) 2508-6859
Website: <http://www.eieforum.org/>

Sadat City Investors Association
Mr. Hussein Abdel Moneim El Aguizy, President
P.O. Box 104, Sadat City, Menoufia Governate
Tel: +20 (48) 260-1614, +20 (48) 260-2992, +20 (48) 260-2968, +20 012-935-3960
Fax: +20 (48) 260-1468

Tenth of Ramadan Investors Association
Mr. Moharam El Sebai Helal, Chairman
10th of Ramadan City, Banks District, Kafrawy Garden, P.O. Box 73
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E-Mail: ex_manager@triaeg.com
Website: www.triaeg.com

OTHER CHAMBERS OF COMMERCE IN EGYPT:

American Chamber of Commerce in Egypt
Mr. M. Gamal Moharam, President
33 Soliman Abaza St., Dokki, Giza
Tel: +20 (2) 3338-1050, Fax: +20 (2) 3338-1060
Website: <http://www.amcham.org.eg/>

German-Arab Chamber of Commerce in Egypt
21 Soliman Abaza Str., Dokki, Giza
Tel: +20 (2) 3336-8183, Fax: +20 (2) 3336-8026
E-mail: info@ahkmena.com
Website: <http://www.ahkmena.com/>

Greek-Arab Chamber of Commerce in Egypt
17 Soliman El Halabi St., Cairo
Tel: +20 (2) 2574-1190, Fax: +20 (2) 2575-4970
E-mail: gccc@hotmail.com

Italian-Arab Chamber of Commerce in Egypt
33 Abdel Khalek Tharwat St., Downtown, Cairo
Tel: +20 (2) 2392-2275, +20 (2) 23937944, Fax: +20 (2) 2391-2503
Website: www.cci-egypt.org
E-mail: Egyptian-services@italchamber-egypt.org.eg

Japanese Foreign External Organization
World Trade Center, 1191 Corniche El-Nil, Bolak, Cairo
Tel: +20 (2) 2574-1111, Fax: +20 (2) 2575-6966

U.S. AND EGYPTIAN ORGANIZATIONS AND ASSOCIATIONS:

National U.S.-Arab Chamber of Commerce
Mr. David Hamod, President
1023 15th Street, N.W., 4th Floor
Washington, D.C. 20005
Tel: (202) 289-5920, Fax: (202) 289-5938
Website: <http://www.nusacc.org/>

American-Arab Chamber of Commerce
Mr. Fay Beydoun, Executive Director
4917 Schaefer, Suite 215
Dearborn, MI 48126
Tel: (313) 945-1700, Fax: (313) 945-6697
Website: <http://www.americanarab.com/>

American Egyptian Cooperation Foundation (AECF)
235 East 40th Street, Suite 22A

New York, NY 10016
Tel: (212) 867-2323, Fax: (212) 697-0465
Website: <http://www.americanegyptiancoop.org/>

Egyptian-American Cultural Association (EACA)
Mr. Mohamed El Shinnawi, President
P.O. Box 9551, Washington, D.C. 20016
Website: <http://www.eacaonline.org/>

EGYPTIAN GOVERNMENT IN THE U.S.:

Embassy of the Arab Republic of Egypt
Ambassador Sameh Shoukry
3521 International Court, NW
Washington, D.C. 20008
Tel: (202) 895-5400, Fax: (202) 244-4319, (202) 244-5131
Website: <http://www.egyptembassy.net/>

Office of Economic & Commercial Affairs
Embassy of the Arab Republic of Egypt
Dr. Ashraf El Rabiey, Minister Counselor for Economic & Commercial Affairs
2232 Massachusetts Ave., NW
Washington, D.C. 20008
Tel: (202) 265-9111, Fax: (202) 328-4517

Permanent Representative of the Arab Republic of Egypt to the United Nations
304 East 44th Street, New York, NY 10017
Tel: (212) 503-0300, Fax: (212) 949-5999
Website: <http://www.egyptembassy.net/showmission.cfm?id=28>

Consulate General of Egypt
1110 Second Ave., Rm. 201
New York, NY 10022
Tel: (212) 759-7120, (212) 759-7121, (212) 759-7122, Fax: (212) 308-7643
Website: <http://www.egyptnyc.net/>

The Egyptian Consulate General in San Francisco
3001 Pacific Ave.
San Francisco, CA 94115 -1013
Tel: (415) 346-9700, (415) 346-9702, (415) 346-7352, Fax: (415) 346-9480
Website: <http://www.egy2000.com/>

Consulate General of Egypt
1990 Post Oak Blvd., Suite 2180
Houston, TX 77056
Tel: (713) 961-4915, (713) 961-4916, Fax: (713) 961-3868
<http://www.egyptembassy.net/showservices.cfm?id=31>

Consulate General of Egypt
500 N. Michigan Ave., Suite 1900

Chicago, IL 60611

Tel: (312) 828-9162, (312) 828-9164, (312) 828-9163, Fax: (312) 828-9167

<http://www.egyptembassy.net/showservices.cfm?id=30>

WASHINGTON-BASED U.S. GOVERNMENT CONTACTS:

U.S. Department of Commerce

MAC/ONE, Room 2029B

Washington, D.C. 20230

Tel: (202) 482-1860, Fax: (202) 482-0878

Website: <http://www.ita.doc.gov/>

U.S. Department of Commerce

U.S. Commercial Service

Mr. Christian Reed, Regional Director, ANESA

HCH Bldg., Room 1223

Washington, D.C. 20230

Tel: (202) 482-4836, Fax: (202) 482-5179

Website: <http://www.buyusa.gov/home/>

U.S. Department of Agriculture

AgExport Services Division

Mr. David Salmon, Director for Market Development

Room 4939-S, 1400 Independence Ave., SW

Washington, D.C. 20250

Tel: (202) 720-6343, Fax: (202) 690-4374

Website: <http://www.fas.usda.gov/>

U.S. Department of State

H.E. Amb. Jeffrey Feltman, Assistant Secretary

2201 C Street NW

Washington, DC 20520

Tel: (202) 647-4261, Fax: (202) 736-4458

Website: <http://www.state.gov/p/nea/>

U.S. Export-Import Bank (EXIM Bank)

Mr. Fred P. Hochberg, Chairman and President

811 Vermont Avenue NW

Washington, D.C. 20571

Tel: (202) 565-3946, (800) 565-3946, Fax: (202) 566-7524, (202) 565-3931

Website: <http://www.exim.gov/>

Overseas Private Investment Corporation (OPIC)

Dr. Lawrence Spinelli, Acting President

1100 New York Avenue, NW

Washington, D.C. 20527

Tel: (202) 336-8400, Fax: (202) 336-7949

Website: <http://www.opic.gov/>

U.S. Small Business Administration (SBA)
740 15th Street NW, 3rd Floor
Washington, D.C. 20005-3544
Tel: (202) 272-0345, Fax: (202) 272-0344
Website: <http://www.sba.gov/>

U.S. Trade and Development Agency (USTDA)
Leocadia I. Zak Acting Director
1000 Wilson Blvd., Suite 1600
Arlington, VA 22209-3901
Tel: (703) 875-4357, Fax: (703) 875-4009
Website: <http://www.ustda.gov/>

MULTILATERAL INSTITUTIONS ABROAD:

African Development Bank
15 Avenue du Ghana
P.O.Box 323-1002
Tunis-Belvedere, Tunisia
Tel: (+216) 71 103 450, Fax: (+216) 71 351 933
<http://www.afdb.org/en/>

International Finance Corporation (IFC)
Headquarters
International Finance Corporation
2121 Pennsylvania Avenue, NW
Washington, DC 20433 USA
Tel: (202) 473-1000
Website: <http://www.ifc.org/>

World Bank
Office of the U.S. Executive Director
1818 H Street, N.W.
Washington, D.C. 20433
Tel: (202) 477-1234, 477-1000, Fax: (202) 477-6391
Website: <http://www.worldbank.org/>

MULTILATERAL INSTITUTIONS IN EGYPT:

African Export Import Bank (AFREXIM)
Dr. Oramah Okey, Vice President
World Trade Center Bldg., 3rd & 8th Floors
1191 Corniche El Nil, Cairo
Tel: +20 (2) 27701100, Fax: +20 (2) 2578-0276-9
Postal Address: P.O. Box 404 Gezira, Cairo 11568, Egypt
Website: www.afreximbank.com

African Development Bank
Egypt Country Office (EGFO)
Mr. Khushhal Chand Khushiram, Resident Representative

72B Al Maahad Al Eshteraky St. Heliopolis, Cairo
Tel: +20 (2) 2256-3790 and 2256-3791 Ext. 6730 and 6759, Fax: +20 (2) 2256-3792
Website: www.afdb.org

International Finance Corporation (IFC)
Mr. Michael Essex, Director for the Middle East and North Africa Region
Mr. Jesper Kjaer, IFC Advisory Services General Manager
Nada Shousha, Senior Country Officer
Nile City Towers, 2005C Corniche El Nil, North Tower, 24th Floor, Ramlet Boulac, Cairo
Tel: +20 (2) 2461-9140/45/50, Fax: +20 (2) 2461-9130/60
Website: www.ifc.org

Cairo Regional Center for International Commercial Arbitration
Dr. Nabil ElAraby, Director
1 Al Saleh Ayoub St., Zamalek, Cairo
Tel: +20 (2) 2735-1333/35/37, +20 (2) 737-3691/93
Fax: +20 (2) 2735-1336, +20 (2) 2736-4485
Website: <http://www.crcica.org.eg>

Commission of the European Communities Delegation in Egypt
Ambassador Marc Franco, Head of the Delegation
37 Gamet El Dowal St., El Fouad Office Building, 11th Floor
Mohandiseen, Giza, Egypt
Tel: +20 (2) 3749-4680, Fax: +20 (2) 3749-5363
Website: <http://www.delegy.ec.europa.eu/en/index.htm>

United Nations Development Program (UNDP)
Mr. James W. Rawley, Resident Coordinator & Representative
1191 Corniche El Nil, World Trade Center, 4th Floor, Cairo
Tel: +20 (2) 2578-4840/1/2/3/4/5/6, Fax: +20 (2) 2578-4847
Website: <http://www.undp.org.eg/default.aspx>

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

<http://www.buyusa.gov/egypt/en/tradeevents.html>

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

(Insert link to Products and Services section of local buyusa.gov website here.)

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.